



Mayor and Cabinet

Response to comments by the Public Accounts Select Committee (PASC) on Social Value

Date: 13 March 2024

Key decision: No.

Class: Part 1.

Ward(s) affected: All (none specific)

Outline and recommendations

This report is in response to the comments made by Public Accounts Select Committee (PASC) referred to Mayor and Cabinet on 24 January 2024, in relation to the Council's social value annual report.

Mayor and Cabinet is asked to consider the Officer's responses to the matters raised on Social Value corporate performance reporting and monitoring of equalities and socio-economic background of applicants for Council contracts and to refer this response back to PASC.

1. Summary

- 1.1. On Thursday 30 November 2023, the Public Accounts Select Committee (PASC) considered the Council's annual report on social value. The Committee reflected on the contents of the report – and received a presentation from officers. Following questions to officers, the Committee agreed to refer its views to Mayor and Cabinet.
- 1.2. On 24 January 2024, Mayor and Cabinet considered the Committee's comments and asked the relevant officers to provide a response.
- 1.3. In response to the Committee's request for key social value targets to be included in the Council's quarterly corporate performance, we committed to publishing an annual Social Value Impact Report as a platform for learning and improving our practices in capturing, quantifying, and documenting social value.
- 1.4. In addition, the Council has invested in a Social Value Business Intelligence

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Dashboard platform which will significantly enhance our organisational awareness of social value commitments across contracts, broken down by directorate. To enable this, we have re-designed and implemented a new social value monitoring system that captures the commitments made at tender stage and tracks the delivery of these commitments on awarded contracts. Alongside these indicators, the overall health of social value within our contracts is also captured within our quarterly Contract Management Dashboard through a RAG system (red, amber, green).

- 1.5. In summary, the development of the new social value tool requires further investment of resources to ascertain how the data can be used to develop a single summary KPI for Social Value for inclusion in the Council's quarterly Corporate Performance report. Officers will therefore work to develop this and implement during 2024/25 and will continue to report to PASC on the progress of this.
- 1.6. In response to the Committee's request that consideration be given to monitoring the equalities and socio-economic background of applicants for Council contracts – with a view to promoting economic investment in underrepresented communities. Our organisation currently actively addresses the monitoring of equalities and socio-economic backgrounds among applicants for Council contracts. This is primarily delivered via the Annual Supplier Compliance Survey, which gathers contract and contractor data, including the London Living Wage, Modern Slavery Statement publication, and Equalities Policy adherence. The most recent survey also included questions on ethnic and gender breakdown within supplier leadership which further demonstrates our dedication to understanding and promoting diversity. By consistently gathering and analysing this data, we strive to ensure a comprehensive review of our procurement practices to promote inclusivity and access.
- 1.7. It is to be noted however that one of the key principles underpinning public procurement is that of equal treatment, meaning that whilst the gathering of this data may inform how other services within the Council engages to support underrepresented communities, it may not be used by procurement to confer advantage to any one contractor/applicant.

2. Recommendation

- 2.1. Mayor and Cabinet is asked to consider the Officer's responses to the questions raised on Social Value corporate performance reporting and monitoring the equalities and socio-economic background of applicants for Council contracts and to refer this response back to PASC.

3. Background

- 3.1. On Thursday 30 November 2023, the Public Accounts Select Committee (PASC) considered the Council's annual report on social value. The Committee reflected on the contents of the report – and received a presentation from officers. Following questions to officers, the Committee agreed to refer its views to Mayor and Cabinet.
- 3.2. On Wednesday 24 January 2024, Mayor and Cabinet was asked to consider the

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Public Accounts Select Committee's comments on Social Value and to provide a response.

- 3.3. The Committee recommended that key social value targets be included in the Council's quarterly corporate performance reporting (within the strong local economy section).
- 3.4. The Committee also recommended that consideration be given to monitoring the equalities and socio-economic background of applicants for Council contracts – with a view to promoting economic investment in underrepresented communities.

4. Response to the recommendation on the Council's quarterly performance reporting on Social Value

- 4.1. In our Social Value Impact Report 2022-2023, we committed to publishing an annual report where we would use the opportunity to learn and improve our understanding and practices around capturing, quantifying and documenting social value. We also committed to tracking year-on-year progress to demonstrate the incremental and cumulative benefit across the years to understand the impact our updated Social Value Policy is having.
- 4.2. We outlined how we would achieve this through better capturing the impact of social value through enhanced data monitoring.
- 4.3. In the current financial year, we have invested significant resource into designing and implementing a new social value monitoring system that captures the commitments made at tender stage and tracks the delivery of these commitments.
- 4.4. The new monitoring system includes a Social Value Business Intelligence Dashboard platform, which aggregates all the monitoring information from single contracts into a view of social value across the organisation. This has enabled us to have a bird's eye view of social value commitments and resources which are available across the organisation, broken down by directorate. This will vastly improve our organisational cognizance of the quantity and health of social value in our contracts provided the deliverables are input by our suppliers / officers on a regular basis.
- 4.5. We seek updates to this system on a quarterly basis from suppliers in collaboration with council officers which will enable reporting of the achievement of key social value targets committed to at tender stage by successful bidders to be visible and supplemented with the Council's internal quarterly performance report. The ability to quality assure and produce this data in a consistent and timely manner may be constrained due to resourcing as the Council has a single Social Value officer role responsible for this work.
- 4.6. Officers commit to exploring how the newly developed Social Value Business Intelligence Dashboard can be used to create a single summary Social Value KPI that is appropriate for including within the Council's quarterly Corporate Performance report. Officers will therefore work to develop this and implement during 2024/25 and will continue to report to PASC on the progress of this.

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5. Consideration on monitoring the equalities and socio-economic background of applicants for Council contracts.

- 5.1. We currently report on demographics of the organisations that we hold contracts with through our Annual Supplier Compliance Survey. This is a requirement of our suppliers and evaluates a range of financial, legal and compliance issues with our contractors. This enables us to check whether they have a modern slavery statement and whether they report on equalities data.
- 5.2. Previous years questionnaires have asked contractors to confirm whether they publish and reviews their Equalities Policies annually (of which 89% do) and whether they publish their equality profile on their website (of which 19% do).
- 5.3. In this financial year's survey, we added additional questions to better understand the demographics and diversity of the suppliers we are working with. The questions asked whether the ethnic and gender breakdown of the leadership (either owners or senior management) of the organization was over 50% from a minority ethnic group / white or equal, and whether they were over 50% male/female or equal.
- 5.4. The survey returned 133 responses from our suppliers. It should be noted that this is not a complete list of all our suppliers and that some of these contracts may be beneath threshold and so not recorded on the public contracts register.
- 5.5. Results from the survey demonstrated the ethnic breakdown of contractors as below:

| Ethnic Breakdown of Suppliers | Count | Percentage |
|--|--------------|-------------------|
| More than 50% are from a minority ethnic group | 14 | 10.53% |
| Equal proportion of both | 17 | 12.78% |
| More than 50% are white | 102 | 76.69% |
| Grand Total | 133 | 100.00% |

- 5.6. Results from the survey demonstrated the gender breakdown of contractors as the below:

| Gender Breakdown of Suppliers | Count | Percentage |
|--------------------------------------|--------------|-------------------|
| Equal proportion of both | 31 | 23.31% |
| More than 50% Female | 34 | 25.56% |
| More than 50% Male | 68 | 51.13% |
| Grand Total | 133 | 100.00% |

- 5.7. This information will enable us to better understand and to measure year-on-year the composition and change of our suppliers in terms of demography from an equalities perspective and to what extent current procurement practices promote equity. The socio-economic background of businesses or their employees is not possible to measure, although the nature.
- 5.8. Alongside this, we have also expanded our question regarding the

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identification and type of organisations we are working with. This means that we have created an expanded section for third sector organisations, such as social enterprises, charities and mutuals, to identify which kind of organisation they are.

5.9. The results for organisation type are as below:

| Organisation type | Count | Percentage |
|-------------------------------|--------------|-------------------|
| Limited Liability Partnership | 2 | 1.50% |
| Other Partnership | 4 | 3.01% |
| Public Limited Company | 13 | 9.77% |
| Other | 15 | 11.28% |
| Third Sector | 34 | 25.56% |
| Charity | 28 | 21.05% |
| Community Group | 1 | 0.75% |
| Community Interest company | 2 | 1.50% |
| Housing Association | 2 | 1.50% |
| Social enterprise | 1 | 0.75% |
| Private Limited Company | 65 | 48.87% |
| Grand Total | 133 | 100.00% |

5.10. This has given us stronger insight into the breakdown of the organisations we work with, particularly in respect to the third sector and the broader social value chain this drives. This will be particularly useful in terms of understanding how we are facilitating a resilient and diverse economic makeup within our supply chains and the composition and change of our suppliers on an annual basis.

5.11. Whilst this provides a richness of data in terms of better understanding our supply chains, legislation prevents the procurement team from taking direct action in that the Council is legally obliged to treat all bidders equivalently and fairly, in an open and transparent manner. However other services within the Council can use the above data to target specific interventions in the local economy or to consider how contract specifications can be shaped or co-produced to better support a local economy. This could be used to assist the work of the Economy, Jobs and Partnerships team as outlined below.

5.12. Upstream of the procurement process, our Economy, Jobs and Partnerships team carry out a programme of work to develop diverse businesses and under-represented business owners. This includes work to help businesses become supplier ready, event to promote our procurement pipelines and connecting local businesses to sub-contracting opportunities within our contracts.

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- 5.13. There is a UKSF funded programme currently being delivered by Newable to support under-represented businesses to become fit and ready to supply and introducing them to new contract opportunities. They have delivered 2 of their masterclasses in Lewisham (at the Albany). We have been promoting them via our newsletter and to our personal contacts. We also refer people to [Go4Growth](#) who offer free advice to prospective suppliers.
- 5.14. Previously, we offered a Covid Grant funded Ready to Supply pilot programme to understand the needs of SMEs in their ability to bid on contracts across different sectors. While there was some success with this programme, the businesses that did access the service typically lacked the foundation policies and systems to be competitive and needed lots of general business support. This has informed our understanding of the needs of businesses in the borough and the extent of the support that is needed to get them supplier ready.
- 5.15. In conclusion we do collect and monitor equalities data and information on the types of organisations we contract with, but this work informs the Economy and Business Partnership team and not the direct delivery of the procurement service, as per the legal framework.

6. Financial implications

- 6.1. There are no direct financial implications arising as a result of this report.
- 6.2. Officers commit to exploring how the newly developed Social Value Business Intelligence Dashboard can be used to create a single summary Social Value KPI that is appropriate for including within the Council's quarterly Corporate Performance report. The ability to sufficiently quality assure and produce this data in a consistent and timely manner may be constrained due to resourcing as the Council has a single Social Value officer role responsible for this work.

7. Legal implications

- 7.1. The Constitution provides for select committees to refer reports to the Mayor and Cabinet, who are obliged to consider the report and the proposed response from the relevant Executive Director; and report back to the Committee within two months (not including recess).

8. Equalities implications

- 8.1. Equality Act 2010 brought together all previous equality legislation in England, Scotland and Wales. The Act included a new public sector equality duty, replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 8.2. The Council must, in the exercise of its functions, have due regard to the need to:
 - eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
 - advance equality of opportunity between people who share a protected characteristic and those who do not.

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- foster good relations between people who share a protected characteristic and those who do not.
- 8.3. There are no direct equalities implications arising from the implementation of the recommendations in this report.

9. Climate change and environmental implications

- 9.1. There are no direct climate change or environmental implications arising from the implementation of the recommendation in this report.

10. Crime and disorder implications

- 10.1. There are no direct crime and disorder implications arising from the implementation of the recommendations in this report.

11. Health and wellbeing implications

- 11.1. There are no direct health and wellbeing implications arising from the implementation of the recommendations in this report. There may be implications arising from the implementation of the Committee's recommendations – these will need to be considered in the response.

12. Background paper



PASC referral on
social value.docx

13. Report author and contact

- 13.1. If you have any questions about this report, then please contact Tony McGuinness, Tony.McGuinness@lewisham.gov.uk:

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