

Audit & Governance Committee  
12 March 2025

**Report on Progress Against Actions in the Internal Audit  
Social Value in Procurement – Follow Up Report**

**Purpose of the report:**

To provide an update on the actions being undertaken regarding the original and follow-up audit reports on Social Value in Procurement.

**Recommendations:**

It is recommended that:

1. The Audit and Governance Committee notes the update against the actions contained in the “Social Value in Procurement – Follow Up Report”.

**Introduction:**

1. Social Value is the additional value that we create in our communities, over and above our usual day-to-day work. It includes anything that contributes towards the social, economic and environmental wellbeing of our communities.
2. In procurement, this means ensuring that public spending generates additional benefits beyond just the goods or services being procured.
3. In 2022/23 an audit of Social Value in Procurement provided an audit opinion of Partial Assurance, with a follow-up report in May 2024 retaining that assessment of Partial Assurance.
4. The Partial Assurance opinion means that the weaknesses in the system of control and/or the level of non-compliance are such as to put the achievement of the system or service objectives at risk.

5. The detailed findings and agreed actions from the follow-up audit were as follows:

Finding	Action
<p><b>System Data</b></p> <p>Proactis is now fully implemented and the API interface with MySurrey has been resolved and is functioning.</p> <p>It has been confirmed that Social Value reporting in Orbis partner authority East Sussex County Council is working. In addition it was confirmed that Project Management (PM3) reference numbers can be linked to a contract number in Proactis and MySurrey manually, although this requires staff to record the PM3 reference numbers in the contract records. Relevant staff training to ensure this happens is planned.</p>	<p>Relevant staff training in respect of recording the PM3 reference numbers being completed is planned to be completed by October 2024. Following this, the effectiveness of systems in monitoring social value commitments of contractors will be undertaken on an ongoing basis.</p> <p><b>Target Implementation date:</b></p> <p>Relevant staff training to be completed by October 2024.</p>
<p><b>Social Value – Delivery</b></p> <p>It was confirmed that Contract Management Advisory Service (CMAS) pilot is just in Environment, Infrastructure and Growth at this time, and dashboards are still under construction. Dashboards and reporting are due to go live April 2024, with the delay in full implementation being attributed to the delay in the go-live date of MySurrey.</p>	<p>Following the introduction of dashboards in April 2024, effectiveness of the CMAS pilot will be reviewed before being rolled out across the Council. Effectiveness of oversight arrangements will be periodically reviewed.</p> <p><b>Target Implementation date:</b></p> <p>September 2024 and ongoing</p>
<p><b>Governance – Published Guidance</b></p> <p>It was confirmed that senior sponsor role for Social Value has recently been settled after a significant delay, and a Working Group has now been set up. However, detailed terms of reference for the Working Group have yet to be established.</p>	<p>Progress of the Social Value Working Group in defining and publishing roles and responsibilities in relation to the Council's approach to social value will be monitored and refined as necessary. (Note: implementation will be affected by whether executive direction requires revised social value policies to be produced and introduced.)</p> <p><b>Target Implementation date:</b></p> <p>No new policy required: Sept 2024 New policy required: April 2025</p>

## Update on Progress Against Audit Actions

6. A summary of activity against each action is provided below.

### **ACTION: System Data**

7. This finding and associated action relates to the ability to trace information across various systems. The specific action was that there should be a “golden thread” between PM3 (the procurement pipeline and workflow management software) and Proactis (the tendering and contract system) by ensuring the social value commitments secured via the procurement process are recorded on PM3, and the PM3 Plan ID number was included in all Proactis records for which there was a relevant corresponding entry, to allow data in both systems to be matched.
8. Implementation of this action was delayed slightly whilst Unit 4 and Proactis were fully implemented. Subsequently, staff training on this matter was completed during September and October 2024, in line with the requirement of the Audit Follow-up Report. A training session was delivered and recorded, with the recording available for all Procurement staff to access.
9. The data is reviewed regularly to ensure the level of compliance with this requirement is increasing. The metrics are anticipated to rise incrementally, as completing retrospective records was not a requirement of the audit and they calculate a percentage of all in scope records over a rolling 12 month period.
10. For the metric showing the percentage of projects in PM3 completed within the last 12 months that have social value benefits recorded, this has increased from 12% in October 2024 to 32% in February 2025.
11. The metric showing the percentage of contract records in Proactis that should have a corresponding PM3 project (i.e. excluding those signed prior to the introduction of PM3) has remained in the 28-30% range throughout this period. Further training and compliance activity is therefore required to improve this metric.
12. Compliance activity will include active monitoring of this metric by Procurement SLT on a monthly basis. Areas of non-compliance, identified through this data review, will be addressed directly with those Officers who may need extra support or training to fulfil these duties.

### **ACTION: Corporate Measurement and Delivery**

13. The original audit report identified that there is no overarching reporting of social value within the Council, noting “*Where performance on social value commitments is not monitored, or targets set, it is difficult to demonstrate the benefits of social value.*”
14. Two actions were therefore agreed:

- a) SV reporting be developed based on the data extracted from PM3 and in tandem with the Contract Management Advisory Service pilot; and
  - b) A template be created for contract managers to report against what was committed at tender stage.
15. Much work has been undertaken over the last year to respond to these actions, including identifying the contracts with the highest value of social value commitments, developing reporting to capture delivery, and sharing this output with senior officers and Cabinet Members.
  16. The Contract Management Advisory Service has developed dashboards and contacted contract managers to present that social value commitments in the top 75 contracts (by social value) and measure delivery against these plans.
  17. Many of these contracts are of many years' duration, and the social value to be delivered covers the full contract term, for which there is a delivery plan.

**ACTION: Governance – Published Guidance**

18. The original audit report noted that guidance on social value has been published on the Council's website. However, it further noted that clear roles and responsibilities for maintaining and keeping the guidance up to date have not yet been established.
19. The agreed action was for draft guidance to be developed following the appointment of an officer into the appropriate role. The follow-up report confirmed that the senior sponsor role for Social Value has recently been settled after a significant delay, and a Working Group has now been set up. However, detailed terms of reference for the Working Group were yet to be established.
20. The work relating to this action has been subsumed into the Social Value Steering and Working Groups, established to address both this audit action and to ensure delivery of social value commitments.
21. The Steering and Working Groups were established in mid 2024. The Steering Group is chaired by the Director of Finance (Deputy s151 Officer) and a dedicated programme manager was recruited.
22. Published guidance on Social Value is largely held on the SCC Community Marketplace site. This site required technical improvements to ensure it continued to function as intended. These updates were completed in January 2025.
23. The soft launch of the updated site concerns working with requestors (i.e. SCC teams and external Voluntary, Community and Social Enterprise (VCSE) and related organisations who can make requests via the site) to increase the volume of requests, whilst simultaneously encouraging suppliers to sign up to fulfil requests.
24. The planned hard launch will involve external communications and mechanisms to further encourage suppliers to sign up and actively engage with the site.

25. A related piece of work is developing a new Social Value Model –over-laying SCC’s Strategic Framework onto central government’s social value methodology. Consultation on the draft of that model was planned for February/March 2025, but the release of a revised model by central government in mid-February means this is now scheduled for April.
26. Once the model is ready to be utilised, all relevant guidance on the Community Marketplace Microsite and any other web footprint will be updated.

**Conclusions:**

27. A large programme of work relating to social value has been developed, to deliver both the benefits of social value committed as part of contracts and in response to this audit.
28. All the audit actions and related activity have been delivered, with only the social value model revisions being slightly later than planned because of delays to the publication of the central government methodology.

**Financial and value for money implications:**

29. There are no direct financial implications associated with the detail of this report.

**Equalities and Diversity Implications:**

30. No EIA was undertaken for this report. There are no equality impacts arising directly from this report or actions associated with it. However, it is worth noting that some of the social value commitments secured through procurement of contracts can support ED&I objectives.

**Risk Management Implications:**

31. None.

**Legal Implications – Monitoring Officer:**

32. This report raises no specific legal implications.

**Next steps:**

33. Continue work to address the agreed audit actions.

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**Sources/background papers:**

None

**Annexes/Appendices:**

None

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