



PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	29 April 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	A Strategy for increasing the Social Value of our Activities
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Director of Finance

**Pwrpas yr Adroddiad (dewiswch fel yn addas)
Purpose of the Report (select as appropriate)**

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

The NHS in Wales is the largest single employer, and spends more than any other single organisation. As well as ensuring that it spends public money wisely, helping to improve the health and well-being of Welsh residents, as a good corporate citizen the Health Board (HB) has wider obligations, and has the ability through targeting its nearly £1bn of annual expenditure to improve wider social impacts, such as the impact that the organisation has on the environment, local employment opportunities, economic growth etc. The HB has recently embarked on a path to formalise its strategy in respect of improving its social value, and this report informs the Committee of the various elements forming the strategy.

Cefndir / Background

In Wales, the responsibilities of public bodies in respect of Social Value are set out in two key legislative requirements, namely:

- The Public Services (Social Value) Act 2012
- Wellbeing of Future Generations (Wales) Act 2015

These set out broad responsibilities to improve social, economic, environmental and cultural wellbeing. Obligations are imposed on organisations to consider a range of factors that align with the broad principles of the WFG Act, and the HB has adopted the following:

1. Plan and deliver services to increase the HB's contribution to low carbon.
2. Develop a skilled and flexible workforce to meet the changing needs of the modern NHS.
3. Promote the natural environment and capacity to adapt to climate change.
4. Improve population health through prevention and early intervention, supporting people to live happy and healthy lives.
5. Offer a diverse range of employment opportunities that support people to fulfil their potential.
6. Contribute to global well-being through developing international networks and sharing of expertise.
7. Plan and deliver services to enable people to participate in social and green solutions for health. Encouraging community participation through the medium of Welsh.



8. Transform the HB's communities through collaboration with people, communities and partners.

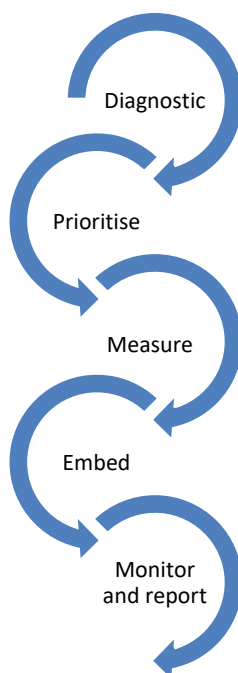
To drive improvements in social value, it is envisaged that the HB will not only promote value as a *provider* of services, but also as a *commissioner* of services. This requires a different approach to services procurement from the wide supply chain used by the organisation, whether the procurement is a major capital asset or more prosaic spend on things such as food and cleaning products. Accordingly, much of the work on social value is concerned with how the HB can use its procurement expenditure to promote social good, and seek to minimise social harms. In essence, procurement strategy must be based upon wider considerations than merely the price of a contract, or the relative quality merits of the goods and services being procured, to instead also including considerations of the social impacts of each contract and supply chain.

Finally, as the vast majority of its expenditure is incurred in paying staff, the biggest impact which the HB can have on improving social value lies in the improvements which the organisation can make to individual life chances. For example, by positive targeting of internships, apprenticeships and recruitment of disabled people, long-term unemployed people or care leavers, the organisation can positively impact on the social determinants of health as well as the direct benefit of secure employment and income. This will require careful evolution of the HB's human resource policies from 'hire to retire', but will result in substantial benefits to the individual, the organisation and to wider society.

Asesiad / Assessment

Social Value

The proposed strategy for improving the HB's approach to social value is encapsulated below:



- Set out the Themes, Outcomes and Measures (TOMs) we wish to target and track
- Understand the level of maturity across our various policies and processes against those TOMs
- Make necessary changes to commissioning and procurement processes eg. amendments to invitation to tender/ tender evaluation/ contract documentation etc.
- Use the Social Value Portal to input TOMs to enable tracking, and report against agreed contractual delivery
- Increase objective information included in in-year and annual reporting of progress against WFG Act requirements



In order to apply both expertise and rigour to the process, the HB has commissioned the Social Value Portal (SVP) to support improvements. The SVP is both an organisation and a software platform for tracking progress against objectives. At present, the SVP has commenced the initial stages of its engagement - notably through desktop data reviews, undertaking a detailed needs analysis of the HB's three localities, including assessment of an array of socio-economic features of the wards in each of the three Local Authority areas. The SVP has engaged with a range of colleagues both within and beyond the HB (including with NHS Wales Shared Services Partnership procurement colleagues) to understand the current policies and working practices that have the greatest impacts upon driving social value. SVP has also assisted in drafting revised Invitation to Tender Documentation for consideration and adoption if appropriate.

The next stages anticipated are to:

- Continue the 'onboarding' of the HB into the Portal, including the development of the detailed TOMs which the organisation may wish to adopt. A generic set of TOMs has been included in Appendix A of this report, relating to the broad categories that other organisations in Wales have identified as relevant, which will be refined to suit the HB's specific circumstances and aims through further work with SVP.
- Undertaking further analysis of processes such as the HB's reporting mechanisms – both internal and in respect of annual reporting arrangements.
- Developing an engagement strategy to ensure the principles are embedded across the HB, with relevant staff receiving information and awareness-raising material.

Foundational Economy

In addition to work underway on improving social value, the Committee is asked to note that consideration is also being given to what impacts the HB can have on improving the performance of the 'foundational economy'. Welsh Government (WG) has indicated that a key aim of economic policy is to help grow and sustain the 'missing middle' sector of the economy. Specifically, WG wishes to:

"[] increase the number of grounded firms in Wales and establish a firm base of medium sized Welsh firms which are capable of selling outside Wales, but have decision-making rooted firmly in our communities."

By helping to shape procurement and expenditure decisions around basic products and services - care and health services, food, housing, energy, construction etc – it is intended to improve economic performance and resilience. By identifying and spreading best practice, notably through the Public Service Boards in each Local Authority area, it is hoped that local supply chains can be strengthened and deepened. WG is providing limited grant funding to help challenge convention, develop ideas and test with supply chains which interventions work best in the modern Welsh economy.

The Committee is asked to note that there is an increasing emphasis within the HB on moving away from traditional – and somewhat narrow – definitions of value. Clearly, to ensure best use is made of the funding which the HB has available, wider definitions of value must be incorporated – value to patients, to society in general, and within the context of economic recovery post-pandemic. Personal value to patients is an increasing feature of the work undertaken by the Value Based Health Care team – incorporating the capture of patient reported outcomes and associated measures is now becoming more mainstream within the



HB's care pathways. However, the organisation struggles to identify and quantify the impacts on the wider economy, as it is a complex and highly specialised undertaking. As a result, Bangor University has been approached to assist in economic and econometric analysis. The aim is for the patient/ healthcare-associated impacts of the HB's activities to be quantified, and then to identify the wider societal impacts of the care which the HB provides and also the expenditure which it incurs.

The support Bangor University has been asked to provide is threefold:

- Academic input into the methods used to quantify the macroeconomic impacts of HB expenditure, such as identifying the likely 'multiplier effects' of each pound spent in the local economy.
- Analysis of the microeconomic impacts of some aspects of HB expenditure, such as expenditure on food supplies, its impact on patient length of stay/ recovery etc.
- The recruitment of two Ph.D students to undertake in-depth studies into aspects of economic analysis to better understand the ways in which the HB can deliver improved social and economic value. It is anticipated that the HB and the University would jointly supervise the work and deepen the relationship between the two organisations.

The Committee is asked to note the complementary nature of the three work streams of social value, foundational economy and economic analysis noted above. Clearly, the cohesion of the aspects of this work is important to prevent duplication of effort, and also to ensure that the HB makes best use of the different skills of the organisations commissioned to support progress. Accordingly, it is proposed that the Committee receives further progress reports relating to the various strands of work.

Argymhelliad / Recommendation

The Committee is recommended to note the work that is underway to improve the social value of the HB's expenditure, its likely impact on the procurement and recruitment policies the HB adopts, and the detailed work that will be undertaken to quantify the impacts on the wider economy.

The Committee is also recommended to receive further updates on progress against the development of Themes, Outcomes and Measures used to quantify progress against these concepts.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference:
Cyfeirnod Cylch Gorchwyl y Pwyllgor:

3.5 The Finance Committee will provide assurance, raising appropriate concerns and make recommendations to the Board as a consequence of the Committee's role in relation to short term focus, medium term focus and improving financial management

Cyfeirnod Cofrestr Risg Datix a Sgôr
Cyfredol:

Not applicable



Datix Risk Register Reference and Score:	
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Not Applicable
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives:	9. All HDdUHB Well-being Objectives apply

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Various sources as noted in the main text above
Rhestr Termau: Glossary of Terms:	Explanation of terms is included in the main report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Not applicable

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	No direct financial consequences, although the work noted aims to improve value for money of the services we deliver and helps deliver the statutory duty to break even
Ansawdd / Gofal Claf: Quality / Patient Care:	Not directly impacted
Gweithlu: Workforce:	Not directly impacted
Risg: Risk:	Not directly impacted
Cyfreithiol: Legal:	Not directly impacted
Enw Da: Reputational:	There is a risk that non-delivery or inadequate delivery of the aims of the Wellbeing of Future Generations Act will be detrimental to our reputation amongst local residents and also with Welsh Government. In extremis, we may be found to have breached our statutory duties.
Gyfrinachedd: Privacy:	Not directly impacted
Cydraddoldeb: Equality:	Not directly impacted