

**BRISTOL CITY COUNCIL**

***Business Change & Resources Scrutiny Commission***

***28 September 2015***

**Report of:** Patricia Greer, Interim Service Director, Policy, Strategy & Communications

**Title:** Social Value Policy and Toolkit

**Ward:** All

**Officer Presenting Report:** Kay Russell, Strategic Planning Manager

**Contact Telephone Number:** 0117 903 7369

**RECOMMENDATION**

That the Commission consider and comment on the draft Policy and Toolkit to enable any required amendments to be made before officers take them out for full consultation.

**Summary**

The Commission received the final report and recommendations of a Scrutiny Inquiry Day “Making Our Money go Further – Social, Economic and Environmental Procurement” on 20 July 2015 and noted that a draft Policy & Toolkit would be prepared to come back to the Commission.

The attached draft Policy has been prepared and outlines the Council’s intended approach to creating social value and how we seek to maximise this in all of our expenditure.

The accompanying draft Toolkit is more detailed and will support council officers, particularly commissioners and procurement officers as well as potential provider organisations in any sector. Both documents have been prepared with input from VOSCUR and the Federation of Small Businesses to a small working group.

Once approved, the draft Policy & Toolkit This will be followed by a 12 week intensive consultation, with workshops for different sectors to enable a wider and deeper engagement on the development of Bristol’s approach.

## **The significant issues in the report are:**

The draft Policy and Toolkit extends and codifies the work that has been undertaken as part of the Council's commissioning cycle and seeks to support:

- local economic development
- employment and skills development and
- enable the growth of spend with local small to medium sized businesses.

Social Value will provide the foundations for measuring the social benefit of work in other programmes in the Council that are focusing on prevention and building resilience.

## **Policy**

### **Consultation**

#### **1. Internal**

Officers from the Policy team, Procurement team and Performance/Intelligence teams and a commissioner from Employment & Skills team sit on the working group and have been involved in drafting the Policy and Toolkit. In addition, commissioners across the Council were asked for comment.

#### **2. External**

VOSCUR and the Federation of Small Businesses have had representatives on the working group so have been involved in the drafting of the Policy and Toolkit.

### **Context**

**3.** The Public Services (Social Value) Act came into force in early 2013 and requires the Council to consider how the services it commissions/procures might improve economic, social and environmental well-being.

Social value requires consideration beyond the price of each investment to look at what the collective benefit to a community is when a contract is awarded or a service delivered.

The Commission received the final report and recommendations of a Scrutiny Inquiry Day "Making Our Money go Further – Social, Economic and Environmental Procurement" on 20 July 2015 and noted that a draft Policy & Toolkit would be prepared to come back to the Commission.

The attached draft Policy has been prepared and outlines the Council's intended approach to creating social value and how we seek to maximise this in all of our expenditure. The accompanying draft Toolkit is more detailed and will support council officers, particularly commissioners and procurement officers as well as potential provider organisations in any sector. Both documents have been prepared with input from VOSCUR and the Federation of Small Businesses to a small working group.

Once approved, the draft Policy & Toolkit This will be followed by a 12 week intensive consultation, with workshops for different sectors to enable a wider and deeper engagement on the development of Bristol's approach.

## **Proposal**

4. That the Commission consider and comment on the draft Policy and Toolkit to enable any required amendments to be made before officers take them out for full consultation.

## **Other Options Considered**

5. It is a statutory requirement to meet the Social Value Act, 2012 and the production of a Policy is not optional. Successful implementation of the policy requires the production of supportive guidance for commissioners and suppliers so the decision has been taken to produce a toolkit to accompany the policy.

## **Risk Assessment**

The Council needs to have a published policy and the toolkit will enable social value to be embedded in the procurement process. The risk would be that the lack of a policy does not enable the Council to achieve social value from its procurement activity, reducing the potential for us to achieve additional social, economic and environmental benefits from contracts. There would also be a risk that the Council will not focus on improving spend with local, small – medium organisations.

## **Public Sector Equality Duties**

- 8a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
    - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;

- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
- encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
- tackle prejudice; and
  - promote understanding.

- 8b) A full Equalities Impact Assessment will be undertaken as part of the development of the Policy and Toolkit and will be informed by dedicated workshops with the Voice & Influence groups during the 12 week consultation period.

## **Legal and Resource Implications**

### **Legal**

Legal comments to follow

### **Financial**

#### **(a) Revenue**

There are no direct revenue implications associated with putting this out to full consultation. However before going to Cabinet for approval a more detailed financial analysis of the potential finance implications need to be considered.

It is not necessarily the case that inclusion of social value elements will drive up the cost and since social value elements are part of the overall tender any associated costs should be part of the price and quality assessment. The council still has a duty to achieve best value under Section 3 of the Local Government Act 1999.

#### **(b) Capital**

Similarly for capital, there are no direct capital implications to this report, however this will need further analysis before cabinet approval.

**(Financial advice provided by Michael Pilcher – Finance Business Partner)**

### **Land**

*Not applicable*

**Personnel**

*Not applicable*

**(Personnel advice provided by <Insert name and job title>)**

**Appendices:**

*Social Value Policy*

*Social Value Toolkit*

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:**

None



# Creating Social Value in Bristol

***This draft Social Value Policy has been developed for consultation with  
commissioners and provider organisations***

***Correct at: 17 September 2015***

## Introduction

Bristol has a growing reputation as the most liveable city in the UK and the Council is committed to making that a reality for everyone. This means supporting people to reach their potential and creating successful places for everyone to live, work and play. Social value is about maximising the impact of public expenditure to get the best possible outcomes, and recognising that our citizens are central to determining how these can be achieved, and what it is that makes Bristol a successful city.

The Council recognises the important role it can play in enabling sustainable development, through its procurement of buildings, goods, and services. We spend approximately £330 million a year on procurement. Through our approach to social value, we will use this spending power to integrate economic, environmental and social sustainability into our procurement process.

This policy outlines the approach that will be taken in order to ensure that natural resources are used wisely, that there is effective protection of the environment whilst ensuring the efficient use of resources and delivery of value for money. An accompanying Toolkit has been created to support colleagues across the council, particularly commissioners and procurement officers, and potential provider organisations in any sector ('providers') to embed social value in how we achieve outcomes for our citizens.

There is no 'one size fits all' model for achieving social value; it is an area where providers and commissioners nationally are learning about how best to achieve and evidence it. The aspirations of this Policy and the guidance within the Toolkit will continue to be informed by national developments and our local learning.

### What is Social Value?

The Public Services (Social Value) Act came into force in early 2013 and requires for the first time, all public bodies in England and Wales to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area. It asks public bodies to consider the ways that they could most benefit society as part of each decision made.

Social value is a way of thinking about how resources are allocated and used and requires consideration beyond the price of each investment to look at what the collective benefit to a community is when a public body chooses to award a contract or deliver a service.

As an example, Social Enterprise UK suggest that in practice this could mean that a mental health service is delivered by an organisation that actively employs people with a history of mental health problems to help deliver the service. In this example the social value of commissioning these services comes as a result of the person with mental health problems:

- having a job where they may otherwise have been unemployed
- becoming more socially included, and

- having a say in how mental health services are run. It also means a local job for a local person.

It is clear that investing in a service to improve mental health can also have a positive impact on other strategic objectives of increased employment and social inclusion. This way of working promotes an integrated and coherent approach to the delivery of city priorities. Social value therefore requires commissioners to think about how they achieve outcomes in a smarter way. Rather than thinking about services in isolation or in the short term, this approach requires commissioners to consider long term costs and sustainability and how outcomes can interlink and potentially reduce pressures in other areas.

In order to invest public money wisely, the full breadth of our city priorities below need to be considered. This ensures that social value is:

- *relevant* to the organisation or area's strategic objectives
- *valuable* in terms of meeting specific needs that have been identified and supporting a wider strategy to meet these needs.

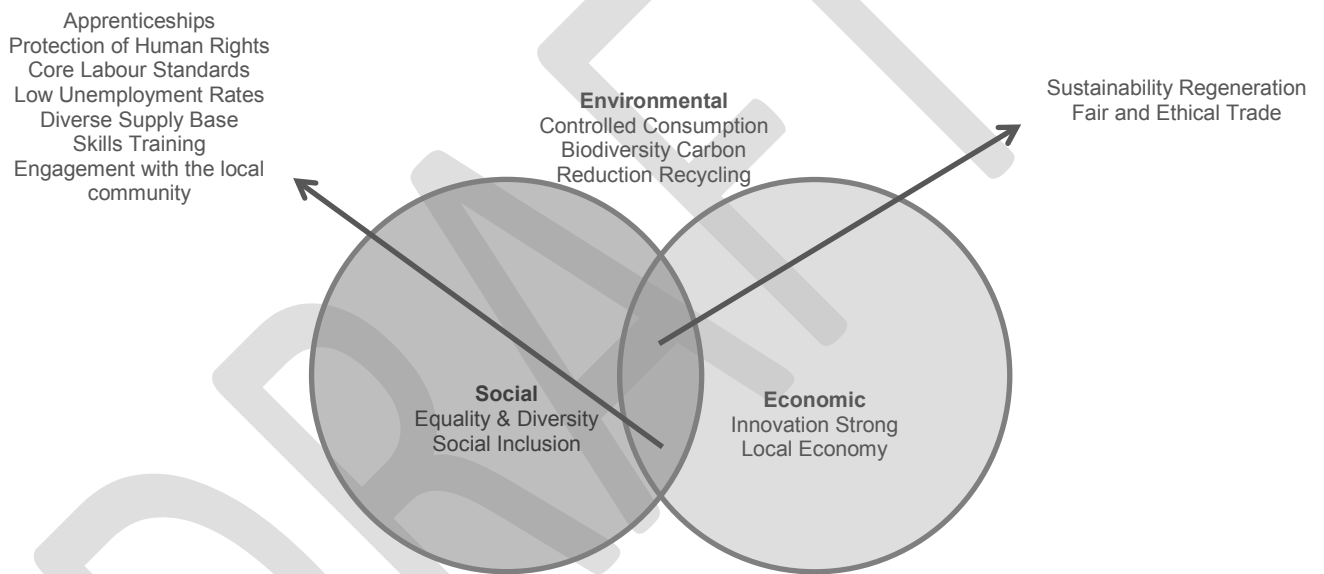
**The Strategic Outcomes sought by our Corporate Plan are:**

<b>Theme</b>	<b>Outcomes</b>
Healthy & Caring	A city where the cared for and the caring, young and old are respected and valued members of our society; and where healthy, happy and safe lives and homes are shared aspirations for every citizen
Keep Bristol Working & Learning	A learning city where every citizen has access to good education and is able to acquire the skills they need to join Bristol's world class workforce
Keep Bristol Moving	A city where public transport provides an affordable quality alternative to the car, where streets are no longer clogged with traffic, our air is cleaner and it is increasingly attractive to walk and cycle
Building Successful Places	A city of well-connected neighbourhoods with a strong sense of identity and belonging, where a diverse mix of housing types and tenures ensures that homes are increasingly affordable to all that need them including the most vulnerable
Vibrant Bristol	A city where the streets are alive with activity and where every citizen and community participates in the cultural life of our city
Global Green Capital	To harness the energy of everyone in the city to maximise the opportunity of our Green Capital status as a platform for promoting the city on the world stage, to attract investment and jobs
Active Citizens	A city where we celebrate and champion the diversity of our population and every individual, organisation, business and community is encouraged to play an active role in the life of the city
Addressing	Working to address inequalities of health, wealth and



Inequality	opportunity in the city, by providing the right kind of help and support, at the right time
Empowered City	A city more in control of its own future and where its governance is modernised
Flexible & Efficient Council	A city where it is simpler for individuals and organisations to seek information, request services and engage with the Council and transforming the way we work at a whole council level

In many ways, a focus on social value is an extension of the “three pillars of sustainability<sup>1</sup>” – society, the economy and the environment. As a consequence, where commissioners are already choosing a “sustainable” route through procurement they will also be providing social value to their area. Examples of social value outcomes that fall under these “three pillars of sustainability” are set out in the diagram below:



**Economic<sup>2</sup>** contributions to the local economy. Retaining, re-circulating and leveraging funds in local areas – a wider contribution to skills and tackling worklessness

**Example: Increasing local employment**

**Social outcomes** contribute to a vibrant community. Community based actions. Equality, diversity, inclusion and cohesion - local relationships, partnerships and people we find it harder to reach.

**Example: Reducing anti-social behaviour**

**Environmental outcomes** are about minimising negative impact on the environment. Supporting local activities to improve the environment.

**Example: Reducing local congestion**

<sup>1</sup> Extract from Anthony Collins Solicitors, Social Value and Public Procurement, a Legal Guide January 2014

<sup>2</sup> Extract from Islington Council’ “Commissioning, procuring and contract managing Social Value in Islington Supply Chain” (2013)

## The Principles of our Policy

Both the Policy and Toolkit have been developed with partners and we acknowledge that strong partnership working is required in order to deliver it; this is at the heart of our approach.

The following principles underpin our policy, and have been developed through discussion with partners:

- **Creativity** – to use social value as a platform to encourage innovation both within and external to the Council
- **Flexibility** – to embed flexibility and a ‘can do’ approach to social value to secure the best outcomes by opening up the commissioning/procurement process to a broader range of organisations
- **Collaboration** – a shared vision will develop between the Council and organisations practising social value with the Council
- **Leadership** – strong leadership, guidance and co-ordination will ensure key messages are effectively communicated and progress is monitored, making sure the Council delivers an effective social value policy
- **Sustainability** – Social value in Bristol will recognise longer term benefits over quick wins.

The Act requires public bodies to consider social value in service contracts (and contracts for goods or works where there is a service element) above a prescribed financial threshold. However our implementation of the duties in the Act will be as wide as practicable so we can achieve maximum impact and benefit. Our Commissioning Plans and Service Specifications will call for improved, realistic and sustainable outcomes.

We will encourage organisations that we commission to think about social value when they commission from others.

Engagement with people and communities is vital to encourage innovation and ensure services are well designed for the people who use them. Engaging and consulting at the earliest opportunity will enable us to find out what the potential social benefits could be and to learn about benefits that we may not have considered. Knowing what local providers can offer also avoids the Council asking for outcomes which are not relevant or proportionate to what their business can provide. It helps the Council to take into consideration the needs of smaller providers.

This policy does not set out a single approach to the creation of social value in Bristol. It is necessary that any social value requirements are proportionate and relevant and so the requirements and the process must be considered on a case by case basis. The Act asks commissioners to consider social value. As a minimum, commissioners will show that they have thought about these issues and record them in commissioning paperwork which will be available to potential providers.

## Our Aim

Our aim is to ensure that our employees, contractors and suppliers are aware of the Council's commitment to long-term social, environmental and economic sustainability. We aim to protect and enhance the environment and create better lives and opportunities for the people of Bristol through our procurement process. The Council is committed to the responsible management of its procurement process in order to deliver value for money, whilst actively pursuing environmental and socially responsible products, services and buildings.

We will set a target to achieve at least 25% of all the Council's total procurement spend with small to medium businesses, social enterprises and voluntary / community organisations and will be ambitious in our endeavour to improve on that figure.

## Key Objectives

The Council aims to achieve its aims by:

- Applying a 10% weighting to social benefits during the tender process. Our contracts will each be considered on their own merits.
- recognising and valuing the social benefits that our providers are already creating
- ensuring that commissioning and procurement is undertaken in ways that most benefit local communities
- ensuring the involvement of local people and organisations in the commissioning process
- valuing and growing the Council's relationship with the business community, social enterprises and voluntary and community organisations
- promoting the local economy and
- nurturing the assets within our communities (the people, their skills and the places).
- Taking into account the need to minimise emissions and reducing the negative impacts of transportation when purchasing goods and services
- Taking steps to minimise carbon dioxide and other greenhouse gas emissions through the detailed consideration of products and services procured
- Considering the environmental performance of all suppliers and contractors, and encouraging them to conduct their operations in an environmentally sensitive manner
- Considering a basic life cycle analysis of products to minimise the adverse effects on the environment resulting directly or indirectly from products
- Seek to procure ethically sourced and produced goods and services
- Working more effectively with diverse suppliers\*, supporting them to engage in procurement exercises, to ensure that local organisations are encouraged to bid for the Council's business
- Maximising the opportunities for employment and development of learning and skills.
- Maximising the opportunities for economic gain within Bristol.

\* Small and medium sized enterprises, black, minority ethnic owned enterprises, those with majority ownership from a group protected by legislation and voluntary

and community sector organisations.

## Implementation

We will:

- Comply with all UK and EU statutory regulations and legislation and ensuring our suppliers do the same
- Train procurement and commissioning staff on social value Policy and application of the Toolkit
- Communicate the Policy to all staff, suppliers and partners.

The following elements will be put into place to ensure delivery of the Social Value Policy and enable the cultural change we need to achieve:

- Social Value Toolkit
- Training and development plan including relevant resources, events and best practice for all sectors
- Timeline for planned reviews of the Policy and Toolkit to enable it to be refreshed or revised as a result of the things we have found work well.

## Evaluating Our Approach

We will evaluate the impact of the application of this policy and whether we are delivering on the principles and aspirations we have set out. We will report to our Business Change Scrutiny Commission annually with a statistical (quantitative) and narrative (qualitative) report to show:

- the collated performance monitoring information of each of the contracts delivering social value outcomes each financial year
- total spend with small and medium sized organisations and monitoring of our performance against our target of at least 25%.

This will also include feedback and lessons learned from our citizens and communities, bidders and providers, commissioners and procurers, decision makers and elected Members, and other key partners impacted by our Policy and Toolkit.

Feedback and learning will also inform ongoing training and resources for commissioners and potential providers and we will develop and share examples of local good practice.

We will monitor and report on the number of small to medium businesses, social enterprises and voluntary and community organisations bidding for contracts with us and how many are awarded those contracts. Through monitoring our contracts we aim to better understand the supply chain, this will enable us to monitor indirect spend and promote good practice in areas such as prompt payment, supporting the cash flow to providers.

Social value measurement is about understanding the additional value provided by a social value contract. There is still a lot to be learned about this but we want this process to be appropriate (to the services and providers organisations using them), clear, proportionate and realistic. We will develop our approach as we learn and will agree a suite of measures with our partners, commissioners and providers. We will also be developing resources that enable us to capture the more intangible benefits such as increased personal wellbeing alongside more readily quantifiable outcomes.

As this work progresses, we want to work with other local public sector organisations, such as the NHS, so that we can look at the social benefits of commissioning/procurement activity across the city.

The Council endeavours to continually improve its procurement performance such that all relevant policies, guidance and training are continually reviewed and updated. The effectiveness of this approach will be measured and reported upon annually.

**This Policy is accompanied by the Social Value Partnership Toolkit which contains details of our approach. The Toolkit can be found at [insert link].**

DRAFT



# Creating Social Value in Bristol

*This draft Partnership Toolkit has been developed for consultation with commissioners and provider organisations*

*Correct at: 18<sup>th</sup> September 2015*

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This document accompanies the **Creating Social Value In Bristol, Draft Social Value Policy**.

This **Social Value Partnership Toolkit** has two parts. The first is our **Guidance for Provider Organisations**, the second is our **Guidance for commissioners and procurement officers**, responsible for commissioning and procurement on behalf of the Council.

## Using this toolkit

Where you see a grey text box you will find a case study we felt illustrated a good example of social value that would contextualise a preceding point. We are actively seeking ‘local’ case studies that will replace those included.

Look out for the handy jargon busters where you see this symbol<sup>JB</sup>.

Where further information is available click on the icon to view.

This document will be available in text format and online. Some of the embedded documents will become links to other web pages.

# Social Value Partnership Toolkit

## Introduction

In order for our city to reap social benefits, we have to work in partnership, so that we can identify commission, procure, deliver and secure social benefits. This approach not only applies to our own activities, but also to engaging with those other organisations that commission and procure services in the City and neighbouring authorities. The Council wants to capture the differing perspectives of everyone involved with commissioning<sup>JB</sup> and procurement<sup>JB</sup> in Bristol.

This toolkit has been developed in partnership with VOSCUR, the umbrella organisation for Voluntary Community Sector Organisations in Bristol and the Federation of Small Businesses. *[we aim to recognise in the final document the groups and organisations that contribute during the consultation period here].*

The process we use when we are thinking about the services we need, allocating resource and/or buying, is called the 'commissioning cycle'. We include social benefits when we commission and review services. This process is also applied to services provided by the Council. Sometimes the Council's internal service providers compete for an opportunity to provide services alongside external organisations.

## What the toolkit will do

This toolkit will follow the commissioning cycle used by the Council. It complements the Council's Enabling Commissioning Framework.

More information about the Enabling Commissioning Framework can be found [here](#).

The toolkit explains how we commission services and it will answer questions about when and where we will look for opportunities for social benefit.

The toolkit will also:

- Explain how social value can help us achieve our priorities
- Explain what provider organisations and communities can expect from the Council
- Provide guidance for provider organisations preparing for and giving social value
- Explain how social value can be applied and embedded throughout the commissioning cycle
- Provide some sample outcomes and measures of social value

### Jargon Buster:

**Commissioning** is the process of specifying, securing and monitoring services to meet people's needs at a strategic level. This applies to all services, whether they are provided by the local authority, NHS, other public agencies, or by the private and voluntary sectors.

**Procurement** is the process of acquiring goods, services and construction projects from providers/suppliers and managing these through to the end of the contract or disposal of assets".



**We have used a range of case studies<sup>1</sup> to show how social benefit has already been achieved in Bristol and elsewhere and encourage new and innovative ideas.**

### **Legal Framework & Local Policy Context**

We are using the Social Value Act to help us to achieve the ambitions we have for our citizens and communities.

Bristol is a Learning City. We want to ensure children, young people and adults can access a range of options that will enable them to acquire the skills they need to join the workforce. Additional Employment, Learning and Skills opportunities are one of these options and will be actively sought within the commissioning and procurement processes. Separate guidance for Providers and Commissioners can be viewed here.

Sustainable procurement is embedded within our commissioning and procurement processes. Additional Environmental Social Value benefits are encouraged and are key to our continuing to promote our city's Global Green Capital Status. A focus on 'green' issues secures environmental protection and enabling measures to reduce carbon emissions, energy efficiency, waste minimisation and recycling. Further guidance is available below and throughout the commissioning and processes.

Our **Creating Social Value In Bristol, Draft Social Value Policy** is an emerging approach. It needs to be dynamic and flexible enough to enable us to use our experience, practice and learning to develop it as our knowledge, understanding and evidence grows.

Our **Creating Social Value In Bristol, Draft Social Value Policy** can be found here [insert link].

Our partners worked with us on a '**Making our Money go Further – Social, Environmental & Economic Procurement** Scrutiny Inquiry Day, that has formed the building blocks of the policy and partnership toolkit and in securing social benefits and more value for money when buying services.

### **How does this new approach fit with the Council's other priorities?**

The Council's Corporate Plan 2014-2017 sets out its strategic priorities and outcomes which will inform its priority areas for commissioning and procurement.

A summary the Strategic Outcomes Sought by our Corporate Plan can be viewed below.



Strategic Outcomes  
Sought by Our Corpo

<sup>1</sup> Courtesy of Cabinet Office, Social Value Review Report 2015  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/403748/Social\\_Value\\_Act\\_review\\_report\\_150212.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/403748/Social_Value_Act_review_report_150212.pdf)

Further information about the Legal Framework and Local Policy Context can be found [here](#).



Local context & Legal  
Policy Framework

**Jargon Buster:**

**Outcomes** are *specific changes in behaviour, condition and satisfaction* for the people that are served by a project or a service.

## Commissioning and Procuring for Social Value

Social Value can help us to get more value from the money we spend on services, enabling our funding to go further and securing better outcomes<sup>JB</sup>. This can be in the form of cost savings or by achieving more outcomes for the same cost, or finding innovative ways of reducing waste - *see the Whole Life Hierarchy below for more information.*



Whole Life Hierarchy

We recognise that small to medium businesses; social enterprises and voluntary and community organisations are often well placed to deliver the social benefits that local communities identify, introducing innovative and flexible new ways of working and finding creative ways to support them. We encourage those organisations to work in this way.

### Case Study 1: a small business providing Social Value - Station Taxis

Station Taxis, contracted by Sunderland Council, is a small business that is able to provide Social Value. They deliver benefits to their local area in a way that fits with their business model (that is, the additional service and benefits provided are a natural adjunct to what they do anyway).

This small business provides the following Social Value:

- helping to safeguard University of Sunderland students by allowing them to take taxis back to their accommodation even when they don't have any cash by accepting their Student Union Membership Card as guarantee of payment;
- supporting 100 of their 400 self-employed drivers to undertake maths and English courses
- employing six apprentices
- providing two business mentors
- publicising local firms and retailers by producing a loyalty card brochure that promotes local businesses and uses lower advertising rates to maximise the benefit to those firms and the community

## How some organisations are giving added social value benefits

Social benefits can be achieved in a variety of ways by, for example:

- enabling a positive impact on the environment
- helping to get people into employment by improving their skills and offering work experience and volunteering opportunities
- regenerating communities and contracting with small to medium businesses, social enterprises and voluntary and community organisations
- encouraging community engagement and community benefit projects.

### Examples of organisations creating social value<sup>2</sup>

- ❖ A community based childcare organisation that invests in programmes to help local long-term unemployed people into childcare training, qualifications and employment
- ❖ A transport company that tenders for a contract to run bus routes and offers to provide added value through the delivery of a community dial-a-ride service
- ❖ A housing management organisation that wins a contract to undertake property maintenance and repair work, and offers to also promote careers in construction and trades to local schools, and commit to employing young people

## How the Council will promote social value

- We will look for opportunities to increase social benefits in all Council activity and services.
- We will provide resources and training to raise awareness, promote take up and share good practice.
- We will improve; early engagement with local communities, businesses and organisations in delivering services and securing the best social, economic and environmental outcomes for people; and market engagement with businesses, including small to medium businesses, social enterprises and voluntary sector and community organisations.
- We will deliver value for money, taking into account whole life or 'life cycle' costs<sup>JB</sup>.
- We will look for benefits to best meet the needs of a particular 'area' or community.
- We will look to create Employment, Learning and Skills opportunities through our commissioning and procurement processes.

**Jargon Buster:**  
**Whole life or life cycle cost** means taking into account all relevant costs and revenues associated with the delivery of a service or the provision of goods and/or works.

<sup>2</sup> Extract of The Social Value Guide, Implementing the Social Value Act [https://www.cips.org/Documents/Knowledge/social\\_value\\_guide.pdf](https://www.cips.org/Documents/Knowledge/social_value_guide.pdf)

- Sustainable procurement is embedded within our commissioning and procurement processes. Additional Environmental Social Value benefits will be sought.
- We will encourage innovation and new ways of working - informed by good engagement, consultation, imaginative commissioning and procurement and creative service design
- We will reduce bureaucracy and timescales for tendering<sup>JB</sup>, increasing accessibility and opportunities for bidders and the efficiency and effectiveness of our commissioning and procurement processes.
- We will improve the commissioning of realistic and sustainable outcomes.

**Jargon Buster:**  
A **tender** or bid is a written response offering to contract services, goods or works at a specified cost or rate.

## Our Approach to Commissioning and Procuring for Social Value

Thinking differently in innovative ways

### Case study 2: BUZZ Community Shop – Lockleaze

Bristol City Council recently transferred one of its assets – a building on a row of shops on Gainsborough Square in Lockleaze – to the North Bristol Advice Centre to convert into a community shop. As well as helping to solve a long-running lack of fresh fruit and vegetables in the area, NBAC has converted the upper floors of the building to house its employment support project and to create workspace for new social enterprises. Instead of selling off the building the Council has used it to help resolve long-standing issues identified by residents of this area.

Considering social value in all of our commissioning and procurements

Below are some of the key elements that inform whether or not social benefit opportunities can be achieved through commissioning and procurement. These issues are explored for each individual contract.

## Think Social Value - where to start....

<p><b>Concept</b> What is the Service to be commissioned? Who will the recipient of the service be?</p>	<p><b>Review</b></p> <ul style="list-style-type: none"> <li>• Performance against existing Contract</li> <li>• Lessons Learnt</li> <li>• Sustainability Assessment</li> </ul>			<input checked="" type="checkbox"/>	
<p><b>Consult</b> Should consultation be carried out? If not why? <b>Who are the stakeholders</b></p> <ul style="list-style-type: none"> <li>• Service Users</li> <li>• Market Suppliers</li> <li>• Community Groups</li> <li>• Other Public Services/LA's</li> </ul>	<p><b>What are the issues that may be affected by the Service:</b> <b>Example:</b></p> <ul style="list-style-type: none"> <li>• Loneliness</li> <li>• Social Isolation</li> </ul>	<p><b>Can the issues be addressed by the Service?</b></p> <ul style="list-style-type: none"> <li>• Approach to a Service</li> <li>• Delivery model</li> </ul>	<p><b>How can the issues be addressed by the Service?</b> <b>Example:</b></p> <ul style="list-style-type: none"> <li>• Taking the service user to the service (instead of home delivery)</li> </ul>	<input checked="" type="checkbox"/>	
<p><b>Impact</b> What impact on Social Value could be delivered through this Service? <b>Example:</b></p> <ul style="list-style-type: none"> <li>• Improving community cohesion for service users</li> <li>• Improving health and/or access to care facilities for service users</li> </ul>					<input checked="" type="checkbox"/>
<p><b>Inform</b> Specification</p> <ul style="list-style-type: none"> <li>• Delivery model</li> <li>• Sub-Contracting</li> <li>• Consortia</li> </ul>	<p><b>Inform</b> Selection</p> <ul style="list-style-type: none"> <li>• Technical ability</li> <li>• Experience of working with specified service user group</li> <li>• Experience of providing specialist aspects of the service</li> </ul>	<p><b>Inform</b> Evaluation</p> <ul style="list-style-type: none"> <li>• Criteria</li> <li>• Weighting</li> <li>• Evidence</li> </ul>			<input checked="" type="checkbox"/>
<p><b>Outcomes</b> How could this impact be delivered through the Outcomes of the Service?</p>	<p><b>Measures</b> How would each Outcome be measured – see examples provided</p>	<p><b>Relevant</b> Are these Outcomes relevant to the type of Service to be commissioned?</p>	<p><b>Proportionate</b> Are these Outcomes proportionate in relation to the Service to be commissioned?</p>	<input checked="" type="checkbox"/>	
<p><b>Contract Management</b></p> <ul style="list-style-type: none"> <li>• Monitor against KPI's</li> <li>• Evidence</li> </ul>	<p><b>Manage &amp; develop supplier performance</b></p>			<input checked="" type="checkbox"/>	

## Bringing Social Value into procurement

There are two 'routes to procurement'. These are the ways that social value can be brought in to a procurement process.

Award Criteria	Performance Obligation
<p>Award criteria is the criteria against which aspects of a bid's content are scored. This evaluation and scoring directly affect the decision about which bidding organisation will be awarded a contract.</p> <p>This route enables commissioners evaluating a bid to test a provider organisation's experience in delivering social value benefits.</p> <p>The award criteria will be clearly set out within the tender documents, if this route is used the requirement must be relevant to the subject matter of the contract.</p> <p>Examples of the types of questions that may be asked are:</p> <p>"Bidders are invited to give brief details of how they intend to add to the economic, social and environmental well-being of their local area through the delivery of the service specified, as required under the Public Services (Social Value) Act 2012. The commissioner is seeking information on the benefits Bidders might look to achieve in relation to social &amp; community, labour &amp; employment, and environmental factors associated with delivery of the services specified, including how they might demonstrate innovation" <sup>3</sup>(Primary Care Mental Health tender for Wirral CCG)*.</p> <p>or</p> <p>Using the matrix provided please indicate the intended target in this area – see example below.</p> <p>The social benefits a provider organisation offers within its tender submission become a requirement of the contract and are monitored appropriately.</p> <p>*The responses to these questions are evaluated in the same way that commissioners would evaluate a method statement.</p>	<p>Performance Obligation is a commitment in a contract that a provider will perform an agreed task or activity. These obligations are specified and become a requirement of a contract.</p> <p>Performance Obligations are imposed and cannot be considered and scored as part of the tender evaluation.</p> <p>The importance of the social benefits associated with a particular contract, as minimum requirements will be explained from the outset and within the tender documents.</p> <p>These must seek to secure additional social benefits.</p> <p>Performance obligations are monitored as part of the contract monitoring process.</p>

<sup>3</sup> Example used Primary Care Mental Health tender for Wirral CCG

### Sample matrix

Occupation	Labour Requirement				Person-weeks delivered by New Entrant Trainees						
	Total for Contract		Apprentices		Employed operatives		Non-employed Trainees		Total No.		% of total
	P/wks	No	P/wks	No	P/wks	No	P/wks	No	P/wks	No	
Trades Apprenticeship for Young People and Adults											
Employed Operatives semi-skilled and unskilled employees											
<b>Total in employment</b>											
Non-employed trainees all levels and occupations											
<b>Total in employment and training</b>											

**Notes<sup>4</sup>:**

**P/wks** – A person-week is the equivalent of one person working for 5 days either on site, or through a mix of on-site work and off-site training. The total person-weeks utilised on the contract to include time provided by management and professional staff, trades and operative staff, and ancillary staff.

**No** – enter here the number of individuals that you anticipate using for each occupation and category.

**A new entrant trainee** is a person that is leaving an educational establishment (e.g. school, college or university) or leaving a training provider, or a nonemployed person that is seeking employment that includes on-site training and assessment or offsite training, or a mix of these.

**An Apprentice** is a person registered as an apprentice with an industry recognised body. Each apprentice can be counted as a new entrant trainee for up to 104 weeks.

**NB:** When the Social Value benefit is not a core requirement (i.e. relevant to the subject matter of the contract) it can still be included within the contractual terms of the contract. However it would not form part of the evaluation award criteria.

Examples of where Social Value can be directly connected to the subject matter include\*

- a contract to build houses that includes the ability to target recruitment and training for construction related skills;
- a catering contract which requires eco-friendly ingredients are used;
- the provision for refuse collection specifying that items for recycling are separated out (which is also, incidentally, a legal requirement on local authorities);
- a grounds maintenance contract requiring the use of indigenous plants only.

<sup>4</sup> Graphic adapted from Croydon's Inspiring and Creating Social Value in Croydon, Social Value Toolkit <https://www.croydon.gov.uk/sites/default/files/articles/downloads/socialvalue.pdf>

## Guidance for 'Providers'

### How can provider organisations use social value when bidding for contracts?

We recognise that many businesses including small to medium businesses, social enterprises and voluntary and community organisations 'provider s' are already delivering additional social value. We want to encourage and give you opportunity to tell us about these during engagement, consultation and tender processes, and for these to be recognised as part of the tendering process.

In this section we encourage organisations to prepare for social value when bidding for contracts and offer some practical guidance.

Below are some top tips to think about in preparing to bid for contracts:

1. Understand the needs of the local area and the Council's priorities and how these fit with your organisation's ethos and core service.
2. Recognise what social benefits are already provided as part of your core business and then consider how additional social, economic or environmental value might be created:
  - a. consider the Social Value Outcomes and Measures (see below) and think about how they may link with your organisation's own activities,
  - b. gather evidence that demonstrates how and when your organisation has created social value outcomes and impact.

Feedback and evaluation are rich sources of data for this purpose. Identify what measures you can incorporate within your existing systems and processes to capture relevant information. Use this to inform your social value objectives.

#### Sample of Social Value Outcomes and Measures.



#### Outcomes & Measures

This list isn't exhaustive. Relevant and proportionate Outcomes and Measures will be considered for each individual contract and with the engagement of the relevant providers, communities and commissioners.

3. Think about the relevance of different types of social value benefits to the types of contract your organisation is likely to bid for.



4. Set out clearly the value for money that the social benefit can bring. A good source of help in understanding developing this aspect can be found at the New Economy website<sup>5</sup> which brings together more than 600 cost estimates in a single place.

The Case Study below provides an example of the way social benefits can be presented in monetary values. There are a range of resources that offer cost estimates like these.

### **Case Study 3: Back in the Game – Social Value offer**

Back in the Game is a programme run between Isos Housing and Sunderland FC which aims to inspire, motivate and up-skill unemployed adults.

It has calculated the return on investment for one quarter of an annual delivery contract as follows:

- 5 people in employment, at £8,700 per job = total: £43,500
- 27 people with raised career aspirations, at £4,800 per person = total £129,600
- 32 participants with increased fitness levels, at £2,354 each = total £75,328
- 24 people improved their self-confidence, at £1,195 each = total £28,680
- 27 people gained a certificate in work skills, at £947 each = total £25,569

5. Help commissioners during engagement and tendering to understand the full range of innovation you can provide.
6. Ensure services will work well for the people who will use them by engaging with them and commissioners in shaping and designing those services.
7. Register to receive information about upcoming engagement and tendering opportunities, see further details [here](#).
8. Plan how to explain the added social value you will bring. Start to prepare for the tender process and the ways in which you may be asked to demonstrate your social value in tenders.
  - Ensure you are able to demonstrate how social value is embedded, monitored and reported within your organisation's structure and routine processes. Be prepared to capture unexpected outcomes as well as those intended.

<sup>5</sup> New Economy's Unit Cost Database [http://neweconomymanchester.com/stories/832-unit\\_cost\\_database](http://neweconomymanchester.com/stories/832-unit_cost_database)

## What will commissioning and procurement for social value look like in practice?

Below is a brief summary of the key points during the commissioning cycle when stakeholder<sup>JB</sup> and providers organisations may be directly involved.

We carry out a comprehensive stakeholder mapping exercise to identify key stakeholders, if your organisation is identified you may be invited to participate in engagement and consultation activities.

During pre-procurement engagement we'll ask the provider market, communities and other key stakeholders to participate in the review of any existing services and invite feedback, this will inform draft service design and commissioning planning, identifying potential for social benefits and whether those proposed are achievable.

Once a commissioning plan is drafted we will consult key stakeholders inviting them to comment on the proposal.

This is the point at which, if it appears contracts may not be of a manageable size and/or organisations do not possess all of the required technical ability necessary, some organisations may consider forming partnership arrangements with other providers. This can increase capacity to bid for larger contracts and provide the opportunity to maximise the social benefits that can be collectively offered. Early engagement opportunities are ideal for initiating these discussions with other provider organisations.

There is separate guidance available on collaboration and forming consortia. Once formalised these are contractual arrangements and due diligence should be regarded. **Insert guidance – need to ask FSB & VOSCUR if they have and ok to use**

### Needs Assessment

Stakeholders may be asked to engage with the commissioner in conducting a population and individual needs assessment and help them to identify gaps in service provision and the market.

We sometimes have discussions with stakeholder groups to assess current and future needs and expectations.

### Communications

Once a provider organisation is identified as a stakeholder they are kept informed of developments through the process, as part of an agreed communications plan.

### Commissioning Strategy/Plan

This will be informed by a purchasing plan (see the Checklist for Commissioners for further detail of what the documents referenced include) and is usually subject to consultation prior to being finalised. A draft service specification may be issued with this for consultation.

Following consultation amendments are made, informed by the consultation and the commissioning strategy / plan is produced.

#### **Jargon Buster:**

**Stakeholder** is anybody who can affect or is affected by an organisation, strategy or project. They can be internal or external.

### **Market Engagement Event**

Once these tasks are complete it is usual practice for a market engagement event to be held, this event is promoted and advertised widely and aims to introduce the market to the tender opportunity, process and contract arrangements. This is an opportunity to ask questions and meet the commissioning and procurement team.

### **Advert/Publication**

An advert is usually published in a range of media. When the tender is advertised or 'published' we provide a tender pack. This includes the following documents:

- **Specification**
- **Suitability Assessment** / Pre-Qualification Questionnaire (PQQ)  
includes an Economic and Financial Assessment
- **Invitation or instruction to tenderers (ITT)**  
guidance including tender questions, evaluation matrix, award criteria, evaluation methodology, minimum criteria and price schedule.
- **Terms and conditions**
- **Price schedule**
- **TUPE information** (if applicable)

Once a tender is submitted and the 'deadline' for submission has passed a suitability assessment and tender evaluation is carried out.

### **Contract Award / rejection**

The successful and unsuccessful bidders are notified of the outcome of the evaluation process and are provided with feedback on their own and the successful bidder's bid.

### **Monitoring and evaluation**

Once a contract is awarded a contract manager will work with the provider organisation to monitor and review service delivery and performance.

## Sources of guidance and resources for provider organisations

If your organisation is already delivering and measuring social benefits effectively, we encourage and support the continued use of your own tried and tested approaches and models, and would very much like you to share these with us.

Here are some resources that have been used elsewhere that you might find helpful, there are many many more available via the internet.

**Confederation of British Industry's** (CBI) guide to creating social value and aligning market strategy with local authority priorities.

**Social Enterprise UK** provide pointers to help charities and social enterprises to understand and measure their social impact. Although this guidance is targeted at charities and social enterprises much of the content is relevant to providers in all sectors and sizes.

**The Charities Evaluation Service** (CES) part of The National Council for Voluntary Organisations **NCVO** offer a wide range of tools and resources, available on their website that can help plan your work. These include interactive tools, informative guides and downloadable resources to help you to get started.

**Selling to the Council Guide** has been developed for suppliers and potential provider organisations planning on tendering with the Council. This document explains the procurement process in more detail.

**Prove and Improve** is an online tool for proving and improving the benefits that an organisation provides. It offers a Quality and Impact Toolkit for use by charities, voluntary organisations and social enterprises.

## Guidance for Commissioning and Procurement Officers

### How Commissioners apply the Commissioning Cycle to Social Value

In this section we will look at where to start, issues for the commissioner to consider, offer clarification and pullout some key points when applying social value through the commissioning cycle.

This section is intended as a guide for commissioners and for information for potential provider organisations.

The commissioning process is dealt with in four 'stages': analyse; plan; do and review. This is known as the commissioning cycle and is shown in the graphic below.

The Enabling Commissioning Framework was designed by the Council and representatives of organisations that are commissioned by the Council. It includes advice, guidance, tools, templates and examples of good practice.



The guidance in this toolkit seeks to enhance, and not fundamentally change the commissioning or procurement processes we already use. It ensures that social value is considered as part of our existing practice.

[Comprehensive checklist for commissioners and procurement officers can be found below.](#)



Checklist for  
commissioners and pr

Social value is considered at all stages of the commissioning cycle.

This includes:

- identifying opportunities for creating /realising social value through the assessment of needs, resources and assets, stakeholder engagement and consultation, and market analysis /development;
- embedding social value in strategies and commissioning plans; and
- incorporating social value into the procurement process:
  - service specifications
  - tender questions
  - performance monitoring /evaluation

### Joint Commissioning and Procurement

Where the Council is undertaking a joint procurement with other organisations it is essential that a memorandum of understand or an inter-agency agreement be drawn up. The lead commissioner for the Council must ensure this includes a requirement that our approach to Creating Social Value in Bristol is incorporated.

### Engagement and Consultation

The Enabling Commissioning Framework provides extensive guidance on engagement and consultation that can be found [here](#).

The Bristol Compact, the Statement of Community Involvement and the Code of Good Practice (CoP) on Public Consultation, is the guidance the Council uses when considering, and embarking on engagement and/or consultation. View the full set of documents [here](#).

The seven key principles of the CoP are to:

1. time consultation well and allow sufficient time to respond
2. clearly present relevant information and encourage informed opinion
3. be well targeted and reach out to seldom heard groups
4. offer genuine options and ask objective questions
5. be well planned, managed and co-ordinated
6. be listed on Contracts Finder<sup>JB</sup> and be well communicated
7. provide fair, accessible feedback

Commissioning planning and plans are open and transparent.

We identify and engage with a broad spectrum of stakeholders.

We respect the knowledge and experience communities and providers bring.

We invite and value the co-design of services with communities and providers.

#### *Jargon Buster:*

**Contracts Finder** is an online directory and repository where details of tender opportunities (includes market engagement events) and contracts let must be stored (for all contracts over £25,000.)

**NB:** A range of other systems may be used to ensure maximum dissemination of information and invitations to contribute.

We recognise the social value that already exists and welcome providers to include this when they tender with us.

We use a range of media to communicate our up-coming Engagement and Consultation activities.

We publish our tender opportunities as far in advance as possible.

As commissioners we must consider social value and whether we should engage with and consult local communities about this.

Engagement and/or consultation must start at the earliest possible opportunity to find out what the potential social benefits could be and to learn about benefits we have not considered.

We need to record what consultation tells us and ensure it informs the way we commission services.

### Points for the commissioner to remember pre-procurement

1. incorporating the 'Whole Life' Hierarchy
2. understanding of the needs of the population and identifying what kinds of outcomes are important for a specific contract and the additional social, economic and/or environmental benefits that will meet the needs of the population
3. identifying how value for money can be secured through the contract
4. finding out what the market can feasibly provide, if there are any gaps in the market and clarifying the range of options available:
  - looking for social benefit outcomes that are relevant to a bidder's core business and proportionate to what they can provide;
  - knowing what the local market can provide (this avoids seeking outcomes which are not relevant to the businesses and/or organisations that are likely to bid for a contract, or disproportionate to what they can provide).
5. ensuring the procurement process doesn't exclude certain providers (especially small to medium businesses, social enterprises and voluntary sector and community organisations).

**NB:** Excessive documentation, high financial thresholds, large contract sizes and/or lengthy timescales can unintentionally exclude the types of provider who would be best placed to provide the kinds of benefits the commissioner needs.

6. identifying what balanced, clear requirements, that encourage innovation, social value outcomes could be written into the commissioning plan and/or service specification.
7. deciding how best to clearly communicate to bidder how to articulate their social value offer within a bid.

#### **Case Study 4: Veolia Environmental Services**

Veolia, an environmental services firm, provides recycling, waste management and heating services to residents in the London borough of Southwark. Veolia delivers a number of Social Value benefits that are additional to its core environmental services business, but are relevant to this core business.

For example over one year Veolia recorded the following:

- a Community re-paint programme that has diverted 16 tonnes of paint from landfill, benefitting 69 community groups and 400 individuals
- generating £18,000 in re-sale value for the British Heart Foundation by diverting 12 tonnes of material from landfill
- donating 340kg of tools to the Conservation Volunteers
- inviting 741 pupils to the Recycling Discovery Centre to raise awareness about recycling amongst young people
- sending 16 tonnes of small WEE and cathode ray tube lights to CRISP who use them to train unemployed people in electronics before sending them on for recycling.



## A Guide to Social Value through the cycle

Initiation (Review)	Needs analysis (Analyse)	Consultation stakeholder / marketplace (Plan)	Designing the service (Do)	Setting the objectives	Contract management
<p><b>* Examine the existing Contract</b></p> <ul style="list-style-type: none"> <li>- What Social Value is already being achieved?</li> <li>- Investigate existing activities that can become measurable 'added value' (are they working)</li> </ul> <p><b>* Consider the 'fit'</b></p> <ul style="list-style-type: none"> <li>- Are there particular existing priorities or policy objectives that could be met through the new contract?</li> <li>- Is there a need to revise policy?</li> </ul> <p><b>* What other action could be taken before a new procurement exercise is commenced</b></p> <ul style="list-style-type: none"> <li>- Amendments/additions to commissioning plan or specification and contract</li> </ul> <p><b>* Stakeholder / service user Engagement</b></p> <ul style="list-style-type: none"> <li>- Identify which priorities are most relevant to stakeholders and service users, and which should be reflected in an expanded commissioning plan or specification</li> </ul>	<p><b>* Have service users' needs changed?</b></p> <p><b>* Have the wider community's needs changed?</b></p> <p><b>* Are there different social issues to tackle now?</b></p> <p><b>* Are there new ways of resourcing the requirement - e.g. other sources of public funding or through collaboration?</b></p> <p><b>* Has the landscape of potential providers changed substantively</b></p>	<p><b>* Consider undertaking consultation</b></p> <ul style="list-style-type: none"> <li>- What are the social, economic or environmental "needs"</li> <li>- How could these best be delivered</li> <li>- What are the capabilities and willingness of the market</li> <li>- How can Social Value be monitored and measured</li> <li>- What evidence already exists</li> <li>- Share proposed requirements and monitoring and evaluation model</li> </ul> <p><b>* Consider publishing a Prior Information Notice</b></p> <ul style="list-style-type: none"> <li>- Alerts the market to the consultation exercise and market engagement event, and enables: <ul style="list-style-type: none"> <li>- views to be captured</li> <li>- a market to be created</li> <li>- potential suppliers to consider collaboration / forming consortia</li> </ul> </li> </ul>	<p><b>* Ensure the Social Value requirements are threaded throughout the tender documents</b></p> <p><b>* Should flow naturally from needs analysis and stakeholder /market</b></p> <p><b>* Where should the Social Value element be included?</b></p> <ul style="list-style-type: none"> <li>- Does this form part of the contract's subject matter?</li> <li>- To what extent should social, economic and environmental requirements be reflected in the commissioning plan or service specification?</li> </ul> <p><b>* Where Social Value does form part of the subject matter, it can be taken into account when evaluating a bidder's suitability (this should be reflected in all stages procurement process)</b></p> <p><b>* Specify ways in which service performance of requirements can be verified</b></p> <p><b>NB: unverifiable requirements are unlawful</b></p>	<p><b>* The evaluation criteria cannot be changed through the procurement process at any stage (includes sub-criteria/weightings)</b></p> <p><b>* Social and environmental characteristics will be most relevant to the "quality" aspect of the evaluation criteria</b></p> <p><b>* Non "local" language should be used: all bidders from anywhere in Europe should be able to comply with the requirements</b></p> <p><b>* The weighting allocated to social characteristics must relate to their importance to the contract (typically these might be between 5-10%)</b></p> <p><b>* Rationale for adopting particular weightings must be documented</b></p>	<p><b>* Deploy enough resource to monitor the contract effectively</b></p> <p><b>* Review with the service provider, its performance of the full commissioning plan or specification (including any Social Value aspects)</b></p> <ul style="list-style-type: none"> <li>- track value for money work together to identify how service delivery can be enhanced collaboratively</li> </ul> <p><b>* The contract is the starting point for unleashing greater social impact and value for money</b></p>

## **Some points for clarification:**

### **Sustainability Assessment**

We use a sustainability assessment to help us assess how sustainable a service can be to inform what social benefits can be sought through the contract, in preparation for consultation.

### **Strategic Priorities**

Commissioners will determine the strategic 'fit' of a service (the fit with outcomes, priorities and needs) and how the proposed activity contributes toward the Council's overall vision and objectives. This should then be outlined within a service specification (services).

#### **Case Study 5: Selwood Housing Mission**

Selwood Housing's mission is to improve homes and communities. Within this, it wants to promote better communities by improving the neighbourhoods that its residents live in, for example through financial inclusion for tenants, employment opportunities, and reducing homelessness. Selwood has opted to use Social Value as a way to achieve this strategic objective, and includes a Social Value clause (the 'Silva' clause) in its contracts. To date, this has secured 63 work placements, one full apprenticeship, 42 community labour days where organisations work on community projects, and £14,000 pledged towards tenant events and prizes.

### **Lot**

Commissioners will always consider breaking large value contracts into smaller contracts to maximise the opportunity for small to medium businesses, social enterprises and voluntary and community, often locally based organisations to bid. The rationale for lotting (and not lotting) must be recorded and included within the tender documentation. Contracts can be lotted by geographical area.

#### **Case Study 6: Durham County Council Adult Learning**

Recognising that small, local businesses might be better placed to provide learning for adults who find it difficult to engage with mainstream learning, due to their ability to provide specialist forms of learning. They therefore split their contract into smaller lots, allowing organisations to bid for the elements of the contract they felt best suited them. The Council also opted not to apply a financial turnover threshold or credit score to this tender, recognising that this is often a barrier for smaller or newer organisations. As a result, the majority of the 13 bidders were small local organisations, community groups, and social enterprises.

## Economic and Financial Assessment

Where the value of a contract meets the EU Procurement threshold there is now a 'turnover cap'. This cap is set at a minimum yearly turnover of not more than two times the estimated contract value, except in justified circumstances<sup>6</sup>.

For procurements below these thresholds a risk based approach can be adopted, with agreement of our Finance team. This means we have the flexibility of being able to look at what the consequence of an organisation's turnover falling below the minimum, and decide how detrimental a failure could be to the Council, instead of having to apply a rigid formula.

### Case Study 7: Durham County Council Cathedral Bus Service

When re-tendering its Cathedral Bus service which links various locations in Durham, the Council simplified its tender process and removed the financial turnover threshold and credit score requirements. This resulted in the contract being won by local SME Stanley taxis, which was also able to cut emissions by using electric vehicles.

As a result of its approach to lotting and financial assessment, in 2013/14 51.8% of the Council's spend (just under £272 million) was with SMEs, 31.4% of this went to small or micro businesses, and 31.2% of the Council's spend was with SMEs in County Durham.

## Evaluation

The cheapest price is not always the best value. We consider impact and wider social benefits that services deliver beyond what is simply the most economically advantageous. This secures wider benefits for the community.

We want to achieve greater value for money through social value and will seek to evidence whether this is being achieved. This requires an understanding of cost savings, both in the short term and longer term. Where theories of cost avoidance can be used we intend to develop our evidence base.

We use the Most Economically Advantageous Tender (MEAT) method to assess value for money. This allows us to specify the ratio between quality and price. Where the estimated value of a contract exceeds the EU Thresholds this is the only approach we can adopt.

When assessing the best price-quality ratio we determine the economic and qualitative criteria **linked to the subject-matter of the contract** that will be used for this purpose. Those criteria should allow for a comparative assessment of the level of performance offered by each tender, as defined in the specification.

<sup>6</sup> Refer to regulation 58(9) Public Contracts Regulations 2015

A cost effectiveness approach is considered such as a whole life or 'life-cycle' costing. This means internal costs, such as research, development, production, use, maintenance and end-of-life disposal costs but can also include costs relating to environmental externalities, such as pollution caused by extraction of raw materials used in the product or caused by the product itself or its manufacturing, provided they can be monetised and monitored. Lifecycle costing can include<sup>7</sup>:

- a. costs, borne by the council or other users, such as:
  - i. costs relating to acquisition;
  - ii. costs of use, such as consumption of energy and other resources;
  - iii. maintenance costs;
  - iv. end of life costs, such as collection and recycling costs.
  
- b. costs attributable to external environmental factors linked to the product, service or works during its life cycle, provided their monetary value can be determined and verified.

Life-cycle costing forms part of the 'price' weighting of the tender evaluation, as although these attributable costs should be clearly set out within the tender submission, they should form part of the overall pricing structure.

### **Weighting**

As part of the Award Criteria route commissioners will agree what weighting will be given to social value outcomes.

If the Award Criteria route is selected, social value forms part of the quality weighting for a tender and is clearly set out in the evaluation methodology included in the tender documents. The 'weighting' represents how important this question is in relation to the others. This score contributes to the overall evaluation score.

Each contract is considered on its own merits. A quality weighting of 10% will usually be permissible.

The rationale for the decision on weighting will be included in commissioning documentation.

### **Procurement Routes**

There are two ways or 'routes' to including a requirement into a contract. Social value can be achieved through one of, or a combination of both routes; Award Criteria and/or Performance Obligation. The rationale supporting the chosen route must be clearly set out within tender documentation.

Contracts of a value above the prescribed EU threshold are subject to strict regulatory regime and caution must be taken to ensure the applicable legal provisions are kept in view while trying to achieve social value objectives through the award criteria or contract performance obligations.

<sup>7</sup> See regulation 66, Public Contracts Regulations 2015 for further guidance

### Award Criteria

The Award Criteria route offers greater opportunity for providers to be innovative. Commissioners are required to design procurement processes and tender documentation to allow potential providers to outline how they will deliver social value *in addition to* the core requirements of the contract. Commissioners must ensure that this remains proportionate and relevant, and that evaluation criteria include consideration of how citizens and communities have been involved in determining the outcomes. Commissioners will ensure that outcomes are linked to the council's strategic objectives.

It is possible within this approach to specify the outcomes but not how these will be achieved, this can be left open for providers to develop proposals.

Award Criteria is considered and scored as part of the evaluation of a tender. Award Criteria must adequately relate to the subject matter of the Contract. The experience (track record) of a bidder and/or their proposal to deliver Social Value can form part of the selection and award criteria. Criteria as a core requirement of the Contract should be supported in local strategy and policy.

When the Social Value is not a core requirement (i.e. relevant to the subject matter of the contract) it can still be included within the contractual terms of the contract. However it cannot form part of the evaluation criteria.

### Performance Obligation

The Council may ask a provider to deliver additional social benefits that are not considered or scored as part of a tender evaluation, but which are included as requirements of a contract and will be monitored by the commissioner. This is what is known as 'performance obligation'.

Where this approach is taken the social value outcomes will have been agreed by the commissioner through consultation with potential providers, citizens and communities. The commissioner will also ensure that the outcomes relate to the council's strategic objectives.

Performance Obligations are not considered and scored as part of the tender evaluation but are specified as a requirement of a contract and will be monitored as part of performance monitoring. Social value can be imposed as a Performance Obligation. This must seek to secure additional social benefits. This obligation, as minimum requirement(s) must be set out at the outset of the procurement.

Where social benefit is incorporated as performance obligation and not an award criterion, bidder submissions that make reference to this performance obligation can have no bearing on evaluation or award during the tender process.

### Subject Matter

Guidance on establishing what is linked to the subject matter or the Contract is limited. We must ensure analysis of the Service to be commissioned is thorough, what the social benefits sought are and whether these can be regarded as 'linked' to the core requirement of the Contract.

Examples of where Social Value can be directly connected to the subject matter include<sup>8</sup>:

- a contract to build houses that includes the ability to target recruitment and training for construction related skills;
- a catering contract which requires eco-friendly ingredients are used;
- the provision for refuse collection specifying that items for recycling are separated out (which is also, incidentally, a legal requirement on local authorities);
- a grounds maintenance contract requiring the use of indigenous plants only.

### **Tender Documents**

Social value should be threaded through commissioning, procurement and tender process and documents with specific requirements reflected in the published tender documentation, including the OJEU (*where applicable*) and the Contract Notice, ensuring the EU Treaty obligation of transparency is met.

It is best to consider that the social value itself is being procured and ensure the commissioning plan or service specification describes 'what' the service being procured is. In doing this care should be taken not to shut down innovation by predetermining what bidders will be able to offer. Whilst it's appropriate to describe the outcomes sought, commissioners may wish to leave the market to suggest ways the outcomes can be delivered in their tenders.

Specific 'labels' cannot be required, where applicable technical specifications should be defined. Labels can be referenced by way of evidencing that technical specification are met, however, these labels must be accessible and available to all interested parties that meet the required standard.

<sup>8</sup> [Anthony Collins Solicitors, Social Value and Public Procurement, a Legal Guide January 2014](#)

### Case Study 8: Knightstone Housing Maintenance and Repairs Contract

Knightstone Housing wanted to ensure that Social Value was an integral part of its new maintenance and repairs contracts, to support its strategic aim of helping residents to access work.

In the contract notice Knightstone included a reference to Social Value: “Under this contract the contractor and its supply chain will be required to actively participate in the achievement of social objectives relating to participation in community investment projects and employment and training programmes within the locality of the contract.”

In the ITT<sup>JB</sup>, Knightstone asked bidders to commit to the percentage of person-weeks to be delivered by trainees, the amount of work placements available as a percentage of person-weeks needed to complete all the work, and the value of community investment opportunities provided as a percentage of the total contract value. They weighted this question in the ITT at 4%.

In terms of contract management, Knightstone asked for recruitment and training statements to be provided, progress schedules and reports on recruitment and training every 13 weeks, the required number of person-weeks to be delivered by trainees, and for vacancies and work placements to be advertised with Knightstone’s nominated organisations.

### Testing a bidders offer

There are broadly two ways to ‘test’ a bidder’s offer in relation to social benefit:

#### Specific Requirements:

This is where bidders address each social value requirement, defining figures and outcomes which then form part of the Contract<sup>9</sup>. This option allows for structured scoring at evaluation. This can be done in two parts:

1. Asking a bidder to describe the steps that will be taken to ensure the minimum specific requirements will be achieved.
2. Completing a matrix, table or similar pre-prepared format defining figures that will form part of the monitoring and evaluation schedule of the contract.

#### *Jargon Buster:*

**ITT Invitation or Instruction to Tenders** this document is the initiating step in a competitive tender process. It indicates the process is open and usually includes details on how to bid for a particular contract.

#### Open Questions:

These are where bidders respond to and address social value issues set out in the tender pack. This option offers the opportunity for bidders to exceed the Commissioner’s requirements. It can enable innovation but presents challenges for Commissioners when evaluating because it can be harder to judge bids against each other. This is not dissimilar to the evaluation of a case study. Evaluation criteria and sub-criteria should be clearly defined.

<sup>9</sup> See the range of Social Value case studies and example questions collated in Blackpool Council’s Inspiring & Creating Social Value Toolkit <https://www.blackpool.gov.uk/Business/Working-with-the-Council/Documents/Inspiring-and-creating-social-value-in-Blackpool.pdf>

## Outcomes and Measuring Social Value

We commission outcomes and not outputs. Outcomes based commissioning shifts the focus away from what providers can offer, to the outcomes the service(s) to be commissioned will achieve. The approach is the same when considering social benefit.

When measuring social value, the Council will consider both soft and hard outcomes.

- Soft outcomes are things that cannot be directly measured e.g. wellbeing and distance travelled <sup>JB</sup>.
- Hard Outcomes can be clearly defined, are tangible and more easily measured in figures.

**Jargon Buster:**

**Distance travelled** is usually defined as progress toward Soft Outcomes.

See the list of example social value outcomes and measures that can be incorporated into a tender provided.



## Measuring Social Value

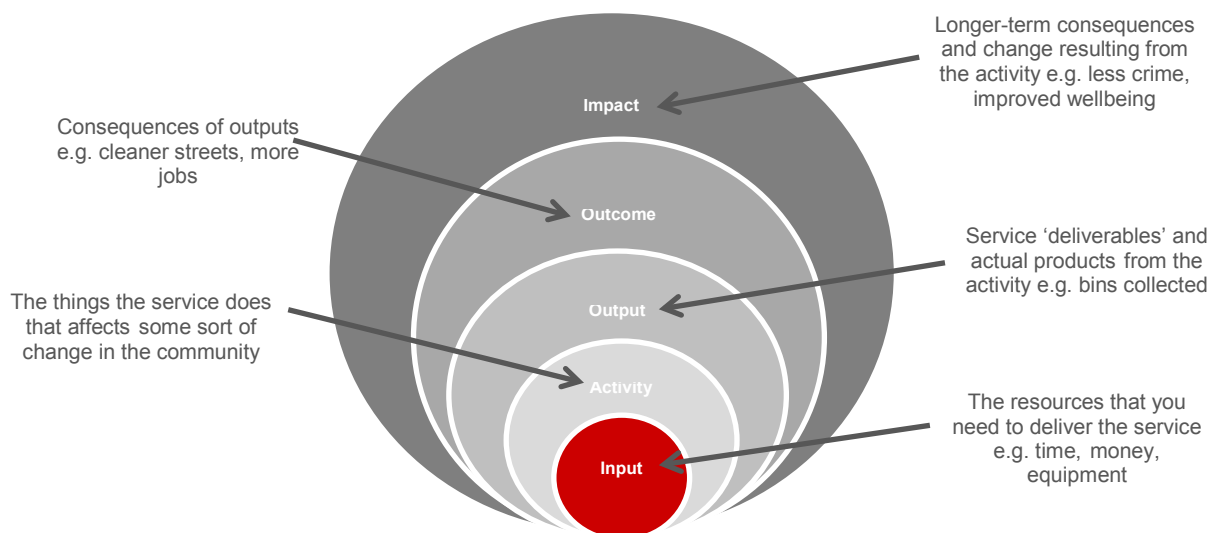
In Bristol we don't specify a particular approach to measuring social value. Social value measurement is about understanding the *additional* value provided by a social value contract. There is still a lot to be learned about this but we want this process to be appropriate (to the services and providers organisations using them), clear, proportionate and realistic. We will use national examples in Bristol, but we will also develop our approach as we learn and want to agree a suite of measures with our partners, commissioners and providers.

Commissioners and providers will agree measures for social value outcomes during the commissioning and procurement processes.

If the Award Criteria approach is used potential providers will need to set out their intended measures in their tender submission.

When the 'Performance Obligation' approach is used we will be clear about what needs to be measured and how.

There are many approaches to measuring social value. A combination may be necessary to understand the impact of an activity. The key is considering what input, activity, output, outcomes, and impacts are required to measure the social benefit.



Measuring social value can be done in financial and non-financial terms.

**Financial** measurements may focus on ratios or net estimates of the benefit.

Measuring social benefits in financial terms can be very interesting and involve a very in depth focus on the benefits of a service. Seeking to measure a return on social investment can be expensive and time consuming and should not be considered for the majority of contracts. This can be onerous for small to medium businesses, social enterprises and voluntary and community organisations in particular.

Further information, guidance and resources we have identified that are currently in use can be found below.

Nationally progress has been made in the development of unit cost databases and financial proxies for social outcomes. Provider organisations and commissioners can use these resources to evaluate the difference made by services, however, we recognise that social value provides a range of benefits and it is not always possible to quantify these in monetary terms. We will also be developing resources that enable us to capture the more intangible benefits such as increased personal wellbeing alongside more readily quantifiable outcomes.

[Social Value UK](#)  
[Inspiring Impact](#)  
[Cabinet Office Guidance](#)  
[Communities and Local Government Report](#)<sup>10</sup>

**Non-financial** assessments include:

- Narrative reporting
- Case studies
- Non-financial data such as savings in carbon emissions

Placing a monetary value on social benefits allows commissioners to make simple comparisons between different services. In itself this is indicative and regard should be given to 'additionality', meaning that the less tangible benefits which are often difficult to assign a monetary value, are not to be dismissed.

Commissioners will also need to consider the sustainability of a social benefit, beyond the immediate lifetime of the contract. We may receive a particular social benefit that is not part of a core service. However over the lifetime of a contract, evidence and feedback from service users/customers, professionals and/or the provider market may demonstrate the value of retaining this additional benefit. As part of exit/decommissioning planning and analysis, consideration should be given to how a particular social benefit may be sustained. This may result in this social value forming a core element or performance obligation of any future service specification. An example of this might be a mentoring and buddying scheme offering particular support to a specific group. This may have originally been offered as an additional social benefit, but evolve to be a valued and 'needed' service in its own right or deemed key to any further service.

<sup>10</sup> Research into the financial benefits of the Supporting People Programme 2009

### Case study 9: Oldham's Graffiti removal contract

Bidders were asked to set out any specific measures within their tender that would effectively add a Social Value element to their offer.

The successful bidder, an SME, offered to:

- provide a work experience placement
- sponsor awards for local gardens
- clean the community centre exterior and provide one week of community work free of charge
- clear pathways for elderly residents
- use local suppliers to repair and maintain equipment.

Here is an indication of the value that the free services and work experience in this contract might bring. However, there are other benefits that have not been quantified here due to lack of data, e.g. the increase in social cohesion and local wellbeing from well-maintained gardens.

#### Free services

Value of community work: £481

- It is assumed that one week (37 hours) of community work is provided each year of the two year contract:  $37 \text{ hours} \times 2 \text{ years} = 74 \text{ hours}$
- The community work has been valued at the national minimum wage of £6.50 per hour:  $£6.50 \times 74 \text{ hours} = \text{£481}$

Value of path clearing: £113

- The clearing of elderly resident's pathways should reduce the risk of falls – to illustrate the value of this activity, it is assumed that at least one such fall resulting in an A&E attendance might be prevented during the two-year contract.
- New Economy's unit cost database estimates the average cost of one A&E attendance as £113:  $1 \text{ prevention} \times £113 = \text{£113}$

*Total value of free services therefore stands at: £481 + £113 = £594*

#### Work experience

Value of savings to Job Seeker's Allowance:

- According to a DWP study<sup>11</sup>, work experience is expected to reduce unemployment benefits claimed by the equivalent of 5 days off benefits over 21 weeks. For a year, it is assumed impacts continue for at least two such periods (42 weeks) and result in the equivalent of 10 days off benefits. It is assumed that this level of impact will apply to the person completing the placements under this contract, either through helping an unemployed person move into work, or, in the case of someone currently in education, through helping to prevent a period of worklessness when they leave school<sup>12</sup>.
- New Economy's unit cost database estimates that the Exchequer saves £10,025 per year for each workless JSA claimant entering work<sup>13</sup>. 10 days = 2.7% of a year. It is assumed 2 people are involved over the two years of the contract. The total value can therefore be estimated as:  $£10,025 \times 0.027 \text{ years} \times 2 \text{ people} = \text{£549}$

<sup>11</sup>DWP, April 2012, work experience programme impact analysis: [www.gov.uk/government/statistics/work-experience-programme-impact-analysis](http://www.gov.uk/government/statistics/work-experience-programme-impact-analysis)

<sup>12</sup> The DWP study is based on participants who are currently out of work and receiving JSA. We are aware that impacts may differ for those who are still in school, but in the absence of appropriate data here we assume that a similar amount of worklessness is prevented for in-school participants as reduced for out-of-work participants.

<sup>13</sup> This figure is mostly composed of savings in benefits payments (estimated at £9,446), but also fiscal benefits from improved health (estimated at £579)

Value of increase in employment:

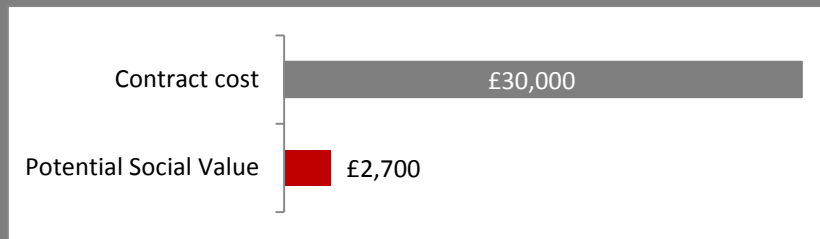
- A DWP study estimates that one work experience placement will increase employment by 8 days over 21 weeks<sup>14</sup>. For a year, it is assumed impacts continue for at least 42 weeks and result in 16 days extra employment. It is assumed a day's work consists of 7.5 hours.
- It is assumed that one placement is provided in both years of the contract.
- The total employment increase will therefore be: *16 days x 2 people x 1 placement x 7.5 hours per day = 240 hours*.
- If this work is valued at the national minimum wage of £6.50 per hour it can be estimated that the total value from increased employment is: *240 hours x £6.50 = £1,560*

The total value of work experience from Job Seekers Allowance savings and increased employment can therefore be estimated as: *£549 + £1,560 = £2,109*

Total Social Value from this contract might therefore be: *£594 (free services) + £2,109 (work experience) = £2,703*

**Graffiti removal contract – potential Social Value**

It is possible that the Social Value benefits from this contract may be worth 9% of the £30,000 cost of the contract over two years<sup>15</sup>.



**Monitoring Performance**

We want the process for monitoring performance to be clear for providers and commissioners. The commissioner or contract manager will work with provider organisations to ensure that monitoring is achievable and proportionate.

Monitoring how well the provider is performing and their compliance with the contract helps both the provider and the commissioner to check that social benefits are being achieved. This process is repeated at regular points throughout the life of a contract. A combination of data, evidence and/or case studies is shared between the provider and commissioner. They will look at and note the achievements and any areas of improvement to ensure the agreed targets can be met. The commissioner or contract manager will offer advice and guidance to ensure the provider is accessing all of the resource and support available – depending on the types of social benefits being sought.

Incentives and dis-incentives will be agreed between the provider and commissioner in support of this process, maximising the impact and outcomes of the contract.

<sup>14</sup> DWP, April 2012, work experience programme impact analysis: as (25) above

<sup>15</sup> Figures are provided to the nearest £1000.

The reporting of outcomes and measures is an integral part of performance management. It ensures that the deliverables of the contract remain linked to the achievement of the principles of social value and the Council's strategic priorities.

We aim to build a picture of social value, benefits and impacts across the city. We will use this information and data to inform future commissioning, procurement planning and decision making to ensure we continue to make the greatest positive impact.

Some examples of measures that may be included within a tender are included at the beginning of the toolkit - Social Value Outcomes and Measures.

### **Understanding the Supply Chain**

The Council aims to spend at least 25% of its commissioning and procurement budget with small to medium businesses, social enterprises and voluntary and community organisations.

During the tender process bidders will be asked if they intend to sub-contract any part of the contract and if so to provide details of the key sub-contractors and their performance and monitoring arrangements. It is worth providers noting that any key sub-contractors they have may be invited to participate in an interview process by the Council. After the award of a contract, if a provider makes changes to the sub-contractor arrangements, they will need to seek the Council's approval beforehand.

We want to support the cash flow of organisations and businesses by aiming to promptly pay valid and undisputed invoices within 30 days. Performance in this area is monitored and published. There is a requirement expectation that this standard be replicated down the supply chain.

## Evaluating our Approach - how will we know that our Policy & Toolkit has been effective?

We will evaluate the impact of the application of our **Creating Social Value In Bristol, Draft Social Value Policy** and whether we are delivering on the principles and aspirations we have set out.

We will report to our Business Change Directorate Leadership Team six monthly and Business Change Scrutiny Commission annually with a statistical (quantitative) and narrative (qualitative) report to show:

- total direct and indirect spend with small to medium businesses, social enterprises and voluntary and community organisations and monitoring of our performance against our current target of 25%, this target will be reviewed on an annual basis and
  - tracking activity and trends to further understand how we may further increase our spend in this area.
- the number of contracts awarded to small to medium businesses, social enterprises and voluntary and community organisations
  - monitoring the number of these organisations known to have bid,
  - using feedback invited after a tendering process to inform our approach, systems, processes and practice during commissioning and procurement processes and to inform ongoing training and resources for commissioners and potential providers.
- the collated performance monitoring information of each of the contracts delivering social value outcomes each financial year.
- progress toward our SME Action Plan.

We will use feedback and 'lessons learned from our citizens and communities, bidders and providers, commissioners and procurers, decision makers and elected Members, and other key partners and stakeholders impacted by our Social Value Policy and Partnership Toolkit to monitor and review our success in achieving the objectives of our policy.

We will develop and share examples of local learning and good practice, that will include a programme of information and training for providers and officers.

We will use the *new* E-Procurement system to help build management information that will be used to understand activity and trends and where appropriate manage contracts and social value benefits.

As this work progresses, we will work with other local public sector organisations, such as the NHS, so that we can look at the social benefits of commissioning/procurement activity across the city.

The **Creating Social Value in Bristol Policy and Toolkit** will be reviewed at 6 monthly intervals to ensure learning, evidence and best practice can be incorporated in a timely way. Unless fundamental policy changes are sought these revisions will be presented and agreed by the Strategic Leadership Team and Business Change Scrutiny Commission during the first 3 years post implementation.

Substantial policy revision will be presented to Cabinet as appropriate.

## Acknowledgements

We would like to thank the following groups and organisations for sharing their resources and contributing toward this Toolkit:

We welcome any comments about our Policy and Toolkit.

Please contact us at email: [procurement.support@bristol.gov.uk](mailto:procurement.support@bristol.gov.uk)

Owner: Partnerships, Procurement & Commissioning Service

Contact: [procurement.support@bristol.gov.uk](mailto:procurement.support@bristol.gov.uk)

0117 922 2726

Date adopted:

A physical copy of this toolkit may not be the latest available version. The latest version, which supersedes all previous versions, is available at (insert link to BCC website)

### History of Policy & Toolkit Changes

Date	Page	Change	Origin of Change (e.g. TU request, change in legislation etc)