

Report of	Meeting	Date
Deputy Chief Executive (Introduced by the Executive Member for Resources)	Executive Member Decision	12 th May 2021

DELIVERY OF SOCIAL VALUE THROUGH PROCUREMENT

Purpose of report

1. This report provides information on the background and current position with regard to the delivery of Social Value through procurement, the options considered and the rationale for the proposed route through the Social Value Portal.
2. The report also discusses the implications of Procurement Policy Note (PPN) 11/ 20 and proposes a way forward on how to apply this new PPN.

Recommendation(s)

3. That the progress made to date is noted.
4. That the proposed route for the delivery of Social Value through Procurement utilising the Social Value Portal (SVP) on a shared SRBC/ CBC three year subscription at a cost of £7000 is approved.
5. That provision be made (in appropriate circumstances) in Contracts Procedure Rules for the reserving of below threshold procurements to geographical area and/or to Small and Medium Sized Enterprises (SME's) and Voluntary, Community and Social Enterprises (VCSE's) with sign off for the rationale and decision required, on each occasion, by either the Section 151 Officer or Monitoring Officer.

Executive summary of report

6. It is important, in order to assess Social Value benefits realised through procurement, that benefits are measured in a consistent way. Social Value is very broadly defined and should this be done by a "complete analysis" of each project, additional staffing resource and training would be needed to properly identify the benefits and monitor their effectiveness. It is proposed therefore to automate this process as far as possible.
7. The Social Value Portal (SVP) provides an online cloud-based application for the evaluation, measurement and management of Social Value commitments made by bidders through procurement, and the monitoring of its delivery through contract management. The SVP service makes use of a Social Value Calculator based on TOM's (Themes Outcomes and Measures). TOM's have been developed by the SVP in partnership with the Local Government Association (LGA) and are designed to reflect the priorities of councils across the country
8. Use of the SVP supports the council's digital agenda automating both the assessment, monitoring and reporting on social value, and also supports the council's Green Agenda through the inclusion and delivery of measures under the "Environment: Decarbonising and Safeguarding our World" Theme.

9. PPN 11/20 applies to procurements which are below the threshold above which the Public Contracts Regulations apply. For such contracts, it is now possible to consider, where appropriate, reserving the procurement by supplier location e.g. to suppliers based within Lancashire and / or to reserve the procurement for Small and Medium sized Enterprises (SMEs) / Voluntary, Community and Social Enterprises (VCSEs)

Confidential report Please bold as appropriate	Yes	No
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Key Decision? Please bold as appropriate	Yes	No
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Reasons for recommendation(s)
(If the recommendations are accepted)

10. Use of the Social Value Portal and TOM's calculator (Themes, Outcomes and Measures) will provide a consistent, standard approach to the application and measurement, and ongoing contract management and reporting of the delivery of the SV offered.
11. PPN 11/20 provides an opportunity – in appropriate circumstances- to reserve procurements by geographical area and/or to SME's / VCSE's but must be used appropriately.

Alternative options considered and rejected

12. Not to use SVP and/ or TOM's and to develop a specific bespoke Social Value Procurement Framework.
13. Not to take advantage or effectively address PPN 11/20

Corporate priorities

14. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	x
Clean, safe and healthy homes and communities	x	An ambitious council that does more to meet the needs of residents and the local area	x

Background

15. Social Value is defined through the Public Services (Social Value) Act. This came into force in January 2013 and requires all public sector organisations, and their suppliers, to look beyond the financial cost of a contract and consider how the Services they commission and procure might improve the economic, social and environmental well-being of an area. The statutory requirements of the Act apply to all Services contracts above the relevant Public Contracts Regulations threshold.

TOM's (Themes, Outcomes and Measures) and the Social Value Portal

16. TOM's have been developed by the SVP in partnership with the Local Government Association (LGA) through the National Social Value Taskforce and are designed to reflect the priorities of councils across the country. They are publicly available and widely used, particularly in the construction sector, and many contractors will already be familiar with them as a standard approach.

17. TOM's provide a minimum reporting standard with a series of action-based measures that suppliers can complete to support a particular desired outcome. Each measure has a proxy value and the Social Value offered to be delivered through a contract can therefore be quantified and calculated, providing a transparent and consistent approach to evaluation, and, also, for ongoing contract monitoring and management.

18. The National TOMs Framework has been designed around 5 principal issues, 20 Core Outcomes and 48 Core Measures. The 5 themes are;

Jobs: Promote Local Skills and Employment: To promote growth and development opportunities for all within a community and ensure that they have access to opportunities to develop new skills and gain meaningful employment.

Growth: Supporting Growth of Responsible Regional Business: To provide local businesses with the skills to compete and the opportunity to work as part of public sector and big business supply chains.

Social: Healthier, Safer and more Resilient Communities: To build stronger and deeper relationships with the voluntary and social enterprise sectors whilst continuing to engage and empower citizens.

Environment: Decarbonising and Safeguarding our World: To ensure the places where people live and work are cleaner and greener, to promote sustainable procurement and secure the long-term future of our planet.

Innovation: Promoting Social Innovation: To promote new ideas and find innovative solutions to old problems.

19. For each procurement activity the Council will have access to and may use either the Core list of TOM's included at Appendix 1 or a standard Lite list of around 20 of the most commonly used TOM's, included at Appendix 2. The Lite list may be tweaked to more closely map to council priorities. Changing up to 5 TOM's on the Lite list is likely to be accommodated within the license fee, but more substantial changes will be at additional cost.

20. The proxy values included against each measure will be localised for the NW region by the SVP, as opposed to using the publicly available national proxy value.

21. Bidders will access the procurement opportunity in the usual way via the Chest and then submit their SV offer via the link on the Chest directly on the SVP TOM's Calculator. This will form the basis of the quantitative evaluation. Bidders will select from the list of measures included on the portal and input a quantity figure for each that they offer to deliver.

22. Bidders must accompany input target figures for specific Social Value measures with a rationale for each Social Value proposal which demonstrates that they have credible processes in place to deliver what is being offered. This will form the basis of the Qualitative evaluation.

23. Once bids are back, The SVP will complete the SV element of the evaluation including identifying any clarification questions required and ensuring no double counting of measures.

24. Once the contract has been awarded Suppliers are required to upload evidence to demonstrate that they have met their commitments, or to measure their social value contribution. During contract management the SVP will setup project dashboards and produce quarterly reporting.

25. One days training is included in the SVP proposal. We have obtained confirmation that this can be broken up into sections and delivered through Teams Presentations for both Suppliers and Buyers. The presentations can be recorded and reused.
26. A copy of the SVP presentation is included at appendix 4.
27. A summary of the proposed costs for the SVP is included below. This is based on the district offer currently available via CCS G Cloud pricing on the Digital Marketplace. The pricing is for a single district and includes two user licences. However, we have obtained agreement that a single agreement can be used for the shared services requirement effectively providing the service to each council at half the price if procured individually.

Base Costs	Fees
Annual Subscription Fee	Option A : £3,000 per year Option B: £7,000 for a 3 year commitment payable upfront
Project & Bid Evaluation Fees	Included – See Below*
Training – 1 day	Included
2 User Licences	Included
Management Dashboard & Display	Included

Project & Bid Evaluation Fees*

In addition to the above membership fees, project and contract management fees will be due from the winning bidder only as detailed below

Option 1 Bid Management, Evaluation and Quarterly Reporting:

Annual Fee: 0.2% of contract value with a minimum payment of £750/year up to a maximum of £7,500/year paid by the winning bidder ONLY. This includes the assessment of bids and ongoing contract management of each project. Please note, bidding is free to all bidders.

Option 2: Project Management (Without Evaluation) Fees

Annual Fee: 0.15% of contract value with a minimum payment of £500/year up to a maximum of £5,000/year paid by the winning bidder ONLY. This includes the ongoing contract management of each project.

Experience of Others

28. In order to gain an understanding of the experience of others, South Somerset District Council and STAR procurement have been consulted as current users of the SVP. (STAR provide a procurement service for Rochdale, Stockport, Tameside and Trafford Councils, and Tameside & Glossop CCG, and Trafford CCG). The feedback from both organisations was very positive. STAR advised that have had no push back or issues with SME's and have achieved an impressive overall 25% of the total contract values awarded, delivered back to the community through Social Value, together with an increase in local bidders.

Detailed conclusions

29. Given the concerns around resources, skills and capacity issues, and taking account of the feedback received from others it is recommended that the council, jointly with South Ribble Borough Council, implements Social Value into the procurement process as detailed below:

That the proposed route for the delivery of Social Value through Procurement utilising the Social Value Portal (SVP) on a shared SRBC/ CBC three year subscription at a cost of £7000 is approved. Further:-

a) The Standard and Core List of TOM's be reviewed in order to ensure these are closely mapped to SRBC/ CBC corporate priorities with input from the Policy Team, and the Lite list be tailored accordingly

b) That the Lite list is used for the majority of procurements initially with the Core list considered for higher value above threshold strategic services and construction procurements where the wider core list may be beneficial.

c) That all *construction and services (excluding consultancy and IT) contracts above £100,000 contract value initially be processed through the SVP with a SV Weighting of 15 %. Such contracts are where it is considered that most SV can be delivered and will provide an opportunity to learn from this, and gain some experience of potential issues, before rolling out to lower value contracts.

d) That all *other contracts above £100,000 be processed through the SVP with a SV weighting of 5%. This will allow us to gain an understanding of the level of SV that can be delivered from other contract types

e) Accept that Procurements conducted through *framework agreements will need to comply with the framework process including evaluation criteria boundaries and as such, where framework agreements are used it may not always be possible to apply the above.

g) That the above process, weightings and thresholds be reviewed as appropriate within 12 months of the first procurement issued through the SVP

h) That a supplier event be held with training to be provided by the SVP in due course.

Procurement Policy Note 11/20: Reserving below threshold Procurements

30. PPN 11/20 (see link below) applies to procurements which are below the threshold, above which Part 2 of the Public Contracts Regulations would have applied. For Local authorities, this is £189,330 for Goods and Services and £4,733,252 for Works. For such contracts, it is now possible, where appropriate to

- Reserve the procurement by supplier location - this means being able to run a competition and specify that only suppliers located in a geographical area can bid. This could be UK-wide to support domestic supply chains and promote resilience and capacity, or where appropriate, by county (metropolitan or non-metropolitan) to tackle economic inequality and support local recruitment, training, skills and investment. Where a county reservation is to be applied e.g. Lancashire, only a single county may be reserved. Supplier location should be described by reference to where the supplier is based or established and has substantive business operations and not by location of corporate ownership.

AND

- Reserve the procurement for Small and Medium sized Enterprises (SMEs) / Voluntary, Community and Social Enterprises (VCSEs) - this means being able to run a competition and specify that only SMEs and VCSEs can bid.

31. The guidance states that in opting to reserve a procurement by supplier location and / or supplier type, it will still be necessary to comply with internal guidance, governance and procedures including considering a range of additional information to identify and manage risks and ensure value for money, as well as good commercial practices. It should be noted that this policy may not be applied to below threshold procurements which are of cross border interest.
32. In order to ensure appropriate controls are in place, it is recommended that the provision to take advantage of reserving procurements by supplier location and / or to SME's/ VCSE's in accordance with PPN 11/20 be included in Contracts Procedure Rules where compliant and best value with approval to be obtained for the rationale and decision required, on each occasion, by either the Section 151 Officer or Monitoring Officer.

Implications of report

33. The SVP portal option using the TOM's calculator is proposed as a standard approach, already effectively used by many organisations, and endorsed by the LGA, and in order to mitigate the risk of officers not having sufficient capacity and skills, to evaluate, contract manage, monitor and evidence the delivery of Social Value through procurement and contract delivery.
34. There is a risk that without adequate controls in place that the provisions of PPN 11/20 could be used without appropriate consideration of risks, compliance and best value. Controls are therefore recommended by providing for these provisions in Contracts Procedure Rules, with approval to be obtained for the rationale and decision required, on each occasion, by either the Section 151 Officer or Monitoring Officer.
35. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	x	Customer Services	
Human Resources		Equality and Diversity	
Legal	x	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

Comments of the Statutory Finance Officer

36. The cost of the procurement, £3,500 per council will be met through in year underspends at Chorley Council and through reserves set aside at South Ribble Council to fund community wealth building.

Comments of the Monitoring Officer

37. It has been recognised for some time that there is scope to develop and strengthen our approach to the achievement of social value through procurement. What is presented here is an ideal opportunity to take a major step forward. The use of the Social Value Portal across both councils makes great practical sense – the cost to both councils is relatively minimal and for that we get access to a specialist service which is clearly highly regarded.
38. We would aim to review the success of the proposed approach within 12 – 18 months. At that point we would assess if there was scope to extend the number of contract that we would apply this approach to and also whether any changes to the proposed weightings would be desirable.

39. The advice in PPN 11/20 is to be welcomed. Potentially this increases the opportunity (in appropriate circumstances of course) to increase our spend via procurement activity in the Lancashire area.

Chris Sinnott
Deputy Chief Executive

Report Author	Ext	Date
Janet Hinds	5622	11.5.21

Following careful consideration and assessment of the contents of this report, I approve the recommendation(s) contained in Paragraphs 3, 4 and 5 of the report in accordance with my delegated power to make executive decisions.



_____ Dated 19.05.21_____

Councillor Peter Wilson
Executive Member (Resources)