

CABINET

22 June 2021

Title: Social Value in Procurement – Implementation Update	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Information
Wards Affected: None	Key Decision: No
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Accountable Director: Hilary Morris, Commercial Director	
Accountable Strategic Leadership Director: Claire Symonds, Managing Director	
Summary: <p>The Council's Social Value policy was revised and approved by Cabinet in May 2020 (Minute 4, 19/05/20) and was formally launched in October 2020. Its purpose was to maximise the impact the Council could leverage from its contracted spend by mandating that social value must be part of the evaluation criteria on Council procurements.</p> <p>The revised policy was designed to enhance delivery of 'inclusive growth' and meet Borough Manifesto targets to improve job density, income and employment rates in the borough. The Social Value policy also plays a part in supporting delivery of the Council's wider Corporate Plan and strategic goals to improve participation and engagement; independence and resilience; and environmental sustainability.</p> <p>This report provides an update on the initial implementation progress and impact between October 2020 and March 2021.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Note the positive impact of the revised Social Value policy in terms of commitments in its first six months;(ii) Note the intention for the Council to apply for London Living Wage accreditation and its associated impacts, as set out in section 4.2 of the report; and(iii) Note the updated Social Value Toolkit, as set out at Appendix 1 to the report.	
Reason(s) <p>To assist the Council in achieving its priority of 'Inclusive Growth' and commitments in the Borough Manifesto.</p>	

1. Introduction and Background

1.1 Since 2012, all public bodies have been legally required to consider how they can deliver additional economic, social and environmental benefits for the community when procuring goods and services, and how they may act to secure that improvement. Until the new policy came into effect this obligation was discharged by ensuring the Social Value was considered at the pre and post procurement stages but it was not mandated as part of the evaluation criteria within the tender process, therefore not all procurements returned measurable commitments.

1.2 This resulted in Social Value being seen in mainly large scale/high value procurements and although some outcomes had been achieved the policy was not maximising opportunities.

1.3 In May 2020 Cabinet approved a revised Social Value policy which committed Commissioners to include a minimum of 10% and a maximum of 20% Social Value weighting to the evaluation criteria for all procurements over £100k. This positive action was designed to ensure more focus was given to delivering measurable Social Value outcomes across the breadth of Council spend. The revised policy, along with a Social Value Toolkit, explains to potential suppliers how they can support the Council and our priority areas, and these were launched internally and externally in October 2020. The Policy requires potential suppliers to consider what action they might undertake to support the Council in achieving better outcomes for the borough and its residents and places emphasis on commitments that deliver within the five social value themes below:

- Investment in Local People
- Investment in Local Economy
- Environment Sustainability
- Community Participation and Engagement
- People, Independence and Resilience

1.4 Each Commissioner is encouraged to steer suppliers towards any number of these themes with emphasis placed on 'Investment in Local People' and 'Investment in Local Economy' as these are seen as offering the best opportunity for impact. However, it is ultimately the supplier that will commit to the outputs and actions it thinks it can achieve.

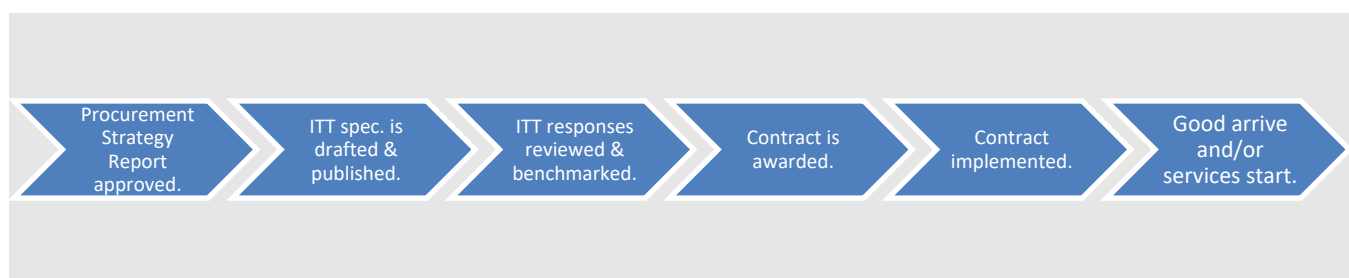
2. Baseline Data Analysis

2.1 Prior to the Social Value Co-Ordinator being appointed, there was limited collation of information on social value commitments or achievements therefore there is limited data available to use as an existing baseline. However, based on a review of data available, in the 12 months prior to the launch of LBBD's new Social Value Policy, there were 25 procurements logged on the Contract Register with an expected contract value of over £100,000 which would now meet the new Social Value criteria and require a commitment to measurable social value outcomes.

2.2 Of these, five specifically asked suppliers to respond outlining what Social Value commitments would be included in the contract. This represents 20% of procurements securing measurable additional outcomes, prior to the

implementation of the new Social Value Policy. One further procurement received some additional benefits for the borough that do not specifically relate to Social Value. Some of the five procurements also include contractual commitments that relate to Social Value but were listed in the contract specification. These therefore were recorded as a contractual outcome, not recorded as a Social Value outcome. Examples of these include a contractual requirement to secure 35% of supply chain spend through local suppliers with our print contract and a requirement to secure 60% of temporary labour from local people within our temporary labour contract.

- 2.3 Due to the nature of the procurements that now meet the Social Value threshold, there is often a long time between papers going to Procurement Board, Invitation to Tender (ITT) specification being developed and published, contract awards and the supplier starting work. The table below sets out the high-level procurement process:



- 2.4 As can be seen there can often be a 9-18 month lead time between the start of the process to procure and the work starting or goods arriving. On that basis reporting on Social Value should be considered in two separate ways; commitments and outcomes. Commitments are the activities or initiatives that suppliers outline they will deliver during the time they are in contract with the Council; whereas the outcomes are the actual benefits that are delivered by the supplier. There can be a number of factors that mean these two things differ, for instance, social distancing has caused some suppliers to revisit commitments they have made for this current year to ensure they are deliverable. Of the five procurements which included social value and which were conducted prior to the launch of the policy, the following commitments had been made:

- Xerox committed to deliver 3 activities within every 12 month period of the print contract. For the first 12 months this commitment was to deliver an amount of free printing for Schools in the borough, several tours of a print room facilities for students of Barking and Dagenham Schools, and a video of Print process for use in Barking and Dagenham Schools. More detail can be found in the outputs section below.
- Clear Channel committed a £60k fund to improve and increase green spaces in the Borough.

The other three procurements that were secured were:

- one supplier confirmed its commitment to pay the London Living Wage to all its staff,
- one had to postpone its contract implementation and, therefore, the Social Value implementation, focused on training and employment skills, has been delayed due to the pandemic but will be met at a later stage and;

- one is still in the contract implementation process. However, a commitment has been negotiated since the Policy launch with the assistance of the Social Value Coordinator and is included in the detail below.

2.5 Impact of Revised Policy

2.5.1 Since the Policy was officially launched in October 2020, all 29 procurements with a value greater than £100,000 that have had a procurement strategy approved at Procurement Board have included 10% Social Value weighting in their tender evaluation. Therefore, we have seen 100% compliance from the commissioners where they have met the threshold of the policy requirement in the first six months of the new Policy. This excludes procurements undertaken via a Waiver for direct award, single tender action or where the Council is procuring through an existing external framework which does not currently include a requirement for social value.

2.5.2 The following table summarises the commitments that have been agreed since the policy started and the outcomes that have been delivered. (Of the 29 procurements above, those not listed in the commitments or outcomes below are still in the ITT/contract development or implementation stage, so the final commitments have not been agreed.)

Supplier	Commitment	Themes
Moore Insight – ERP Replacement	<ul style="list-style-type: none"> • Working with Barking and Dagenham college to support students with CV/careers advice sessions and offer a work placement experience for a student. • Offer 8 week programme every 6-12 months for business in Barking and Dagenham, focused on start-up businesses for young people and women in business. • Provide business mentoring, accounting support and advice to businesses and local voluntary sector organisations. • Moore Insight have also committed to approximately 60 volunteer hours per year to be used on Local Growing/ Green initiatives. 	<ul style="list-style-type: none"> • Investment in local people • Investment in local economy • Investment in Environmental Sustainability
Fullers Builders - Valence House window repairs	<ul style="list-style-type: none"> • 3 videos for use on LBBD YouTube channel and in conjunction with B&D College as education material introducing Valence House and detailing the works being carried out. • 1 Site visit for B&D College students. 	<ul style="list-style-type: none"> • Investment in local people
Adecco – Temporary Labour	<ul style="list-style-type: none"> • 3 Initiatives in every 12-month period (these are yet to be defined however are to be focused on investment in local people and local economy) 	<ul style="list-style-type: none"> • TBC
Stigma - Nicotine Replacement Therapy	<ul style="list-style-type: none"> • Commitment to reduce single use plastics where possible. • Provide volume discount to Council and supply chain (pharmacies etc.) 	<ul style="list-style-type: none"> • Investment in Environmental Sustainability • Investment in local economy

ESRI – ARC GIS	<ul style="list-style-type: none"> • Provide Esri UK’s Schools Programme which provides free GIS software, data and lesson materials for schools in Barking and Dagenham, supporting teaching of the national curriculum: https://schools.esriuk.com/ • Provide one information event to provide education to schools/businesses of what ESRI offer and can provide. 	<ul style="list-style-type: none"> • Investment in local people • Investment in local economy
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Supplier	Outcomes	Themes
Xerox – Print contract	<ul style="list-style-type: none"> • Printing of signage (1000) for local business advising the Council’s ‘buy local, stay safe’ slogan. • Printing of home-schooling packs for some Primary Schools in the borough during the third national lockdown where schools were closed. • Undertaking role of Career Ambassador to support a career talk on Business for Yr12 students of Barking and Dagenham held via University of East London. • Through the supply chain of Xerox, DG3 made St Francis Hospice, Dagenham Food Bank and Barking and Dagenham Refuge their Christmas Charities, advising them and their fundraising efforts in the e-Christmas cards. 	<ul style="list-style-type: none"> • Investment in local economy • Investment in local people • Community participation and engagement
Clear Channel - Small Format Advertising (Digital & Analogue)	<ul style="list-style-type: none"> • £60k Innovation fund, advertised through B&D Giving: <ul style="list-style-type: none"> ○ £40k was awarded to the Thames View residents’ association to create a community green space (work yet to start, design consultation currently underway) ○ The River Roding Trust was awarded £20k for their proposal to plant a variety of trees along the upper reaches of the river Roding. 	<ul style="list-style-type: none"> • Community participation and engagement • Investment in Environmental Sustainability

2.6 Implementation phase 1: the first 6 months

2.6.1 In order to embed and ensure high quality and consistent application of the Social Value Policy across the various council commissioning teams, since the Policy was approved we have developed an internal Social Value Steering Group, meeting bi-monthly and made up of representatives from each commissioning service. These SV Steering Group members act as Social Value Champions, supporting and cascading information and best practice to their own teams and acting as a key point of liaison, as well as a consultative / co-productive group, working with the Social Value Coordinator.

- 2.6.2 Alongside the bi-monthly SC Steering Group meetings, the Social Value Coordinator has undertaken an extensive range of 1-2-1 interactions with commissioning colleagues across the council to embed the policy, ensure clarity of understanding and application, provide support in implementing, and review the different types of challenge and approach within each service area. This work has been fundamental to rapidly building a strong, cross organisational understanding of, and commitment to, the Social Value Policy as it is practically applied and has certainly contributed to the rapidly achieved 100% compliance rate we are now observing.
- 2.6.3 In addition to working with Commissioners on generating greater commitments and monitoring delivery of outcomes, we have also developed our approach to Social Value by working more collaboratively with the local Voluntary and Community Sector, SME sector, and those working directly with residents to ensure outcomes or interventions developed through the Social Value process in procurement are most effectively designed and targeted to where they will secure most benefit.
- 2.6.4 In line with that ambition, LBBD has created a Social Infrastructure Advisory Panel. This Panel has been created to ensure that the needs of the community and their priorities be as closely linked to the Council's aspirations with Social Value as possible, ensuring that where we can we match supply with demand.
- 2.6.5 The Panel is made up of front-line Council staff, voluntary sector organisations, community group networks, Barking and Dagenham's Schools Improvement Partnership, the Barking Enterprise Centre and others and will meet bimonthly. In addition to considering the options available from suppliers it will offer insight into the needs, priorities, and challenges in the community that Social Value outcomes can be focused on. This Panel will also be used to offer advice to suppliers, should they need it, regarding where the best impact will be felt for their Social Value initiatives, or to help facilitate any outcomes through their departments or organisations. An example of where this Panel has been used already is with the print supplier Xerox. Xerox committed to 3 initiatives each 12-month period of their contract and the Panel have met with the contract manager from Xerox, the council's contract manager, and the Social Value Coordinator to discuss options for these 3 initiatives for the 12 months starting April 2021. It is hoped the Panel will be able to offer the advice of support and facilitation for other upcoming contracts.
- 2.6.6 Forming this Panel not only allows LBBD to ensure they are continually aware of the changing priorities and needs of the Borough and its residents, it is also a useful forum for sharing this knowledge between voluntary, council and educational institutions.
- 2.6.7 Finally, in addition to creating the Social Value Advisory Panel, the Social Value Coordinator has established an informal network of Social Value officers from other London Authorities to share good practise. It is hoped this will offer the opportunity for cross Council knowledge sharing relating to Social Value implementation, guides and policies.

3. Looking Forward

- 3.1 Following its approval in May last year, the Social Value Policy Toolkit has recently been updated to reflect some non-material changes that improve clarity and completeness to its content as well as reflecting legislative changes – the updated Toolkit is at Appendix 1 and is available on the Council's website.
- 3.2 As implementation of the Social Value Policy continues in the Council, there are several key lines of focus for the next 12 months. These include:
- To consider how we can move from a compliance led conversation (although this will still be maintained), to a more data and insight led conversation ie a move from a quantitative discussion (*have you included social value in your procurement strategy*) to a qualitative discussion (*are you securing the best social value outcome in your procurement*). As is made clear in this paper, the shift in culture towards active delivery of social value outcomes has only come about through the appointment of a dedicated resource but we are looking to deliver more than just compliance. The aspiration is to focus on securing outcomes that match the needs and priorities within the Borough by considering how outcomes can be aligned to target certain aspects of the Social Progress Index.
 - To further develop and embed the activity of the Social Value Advisory Panel. The initial sessions have proved positive, and the engagement amongst suppliers and the panel has been good and welcomed but maintaining and growing the engagement and delivering real benefits from bringing this group together will take time. We are currently working on a plan for how we will use the panel over the next 12 months by identifying which contracts would benefit from the intervention to have maximum benefit to the Borough and its residents.
 - We are considering how the potential presented by the replacement for Oracle project can enable a more active promotion of local supplier spend. There is the potential for the new system to provide opportunities for low level spend to be commissioned via 'Request for Quote's' which could be targeted to local suppliers however that is only an indication of the potential technology. This will need to be demonstrated to be effective as well as any implications in terms of resources and costs understood before any decision to implement this is made. It is clear however that we need to have the ability identify how much spend we are sourcing through our local supply chain which has been built into the new system requirements.
 - We are considering how the central procurement team and the commercial team could more effectively promote opportunities within Council procurement to our local supply chain as well as support the supply chain to be able to bid for and win this work. This will need further development before a clear view of the support can be set out.
 - We are increasingly finding that external pre-procured Frameworks (Crown Commercial Services) often make achieving Social Value difficult to mandate as the terms by which buyers source a provider do not enable a social value criteria to be included within a tender. Over the next 12 months we need to be

lobbying the owners of large-scale frameworks to see what can be achieved regarding mandating Social Value. If that approach is not successful LBBB may also need to consider other procurement routes if the existing external frameworks cannot offer the support needed regarding Social Value.

- As yet no contracts have included the 20% social value weighting. However, over the next 12 months some procurements may be considered for this, but this will be monitored carefully.

4. Social Value outside of Procurement

4.1 The revised Social Value Policy is generating a culture shift within the Council which is having a knock-on effect outside of procurement discussions. There is an increased focus on social purpose and more discussion about how we can maximise the levers we have which are not procurement related. Conversations in some areas have shifted towards a discussion about how we can generate additional value along the social value themes by requiring it in a wayleave for a digital solution, but the shift is perceived to be more extensive. Early adopters of the culture are looking for alternative ways to 'buy local' or 'give back' to the community and we have seen foodbank donations, laptops brought for children in schools during lockdown, as well as film props and memorabilia offered as prizes for the Cultural Education Partnership competition to 11 schools in the borough, to name a few examples. The focus on added value, in addition to the specific focus on social value in procurement feels like it is developing momentum.

4.2 London Living Wage (LLW)

4.2.1 LLW accreditation is a commitment to pay a minimum salary to any employees or contractors that provide services (not contracts for goods). LLW accreditation has been an ambition for the Council for several years as well as being required for the Council to be able to sign up to the Good Work Standard. It has proved difficult to assess compliance in our supply chain due to the lack of usable data from our systems or any current process to monitor however work has been undertaken to establish some level of baseline data.

4.2.2 However, we have established that approximately one third of our spend is with suppliers who are already accredited to the LLW. Although that figure is likely to be higher it is not possible to determine with any further reliability due to the significant number (3,700+) and variety of suppliers that we work with. The LLW consider that homecare services are a high-risk to compliance due to the generally low levels of pay within the sector. As a result, there is a general view that if LLW was mandated, price increases could result. However, in line with the LLW Foundation recommendation we are in the process of creating an action plan to ensure that by the time these are re-procured, we will be in a position to embed LLW terms and conditions into our procurement framework within social care without increasing costs. We have identified that of the five main providers, at least two are close to LLW compliance already, so the risk of a financial impact in this area has lessened over the last two years.

4.2.3 Although the data cannot give a reliable view of any impact of mandating the LLW it is considered that given our emphasis on inclusive growth the Council must follow through and commit to apply the LLW to our own spend. This would involve us self-

certifying with the LLW Foundation and committing to mandate the LLW at the next possible point in our procurement/contract management lifecycle. As this would not require immediate compliance a full financial impact, if there is any, would not be seen for possibly 3-5 years. This commitment must also be made by the Council's wholly-owned companies and would need to be incorporated into any plan for accreditation.

4.3 Other Issues

- 4.3.1 The Government is currently consulting on changes to the Public Contracts Regulations in the 'Transforming Public Procurement Green Paper'. These plans propose to 'cut red tape, reduce bureaucracy and help unleash wider social benefits from public money spent on procurement'. It sets out an aspiration that the new rules should make it possible to consider full value to society and not just the public body undertaking the procurement, which could mean more wider opportunities to deliver social value through public contracts. At present however some of the requirements mirror the existing framework and although the LGA has provided a response to the consultation that suggests removing the requirement for social value to be linked to the subject matter of the contract, the outcome of the consultation will not be made public for some time and therefore any changes cannot be considered within this report.

5. Consultation

- 5.1 This report and the revisions to the Social Value Toolkit were considered and endorsed by the Corporate Performance Group in April 2021.

6. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

- 6.1 The Social Value Tool Kit and its introduction into the procurement process has been positive and has changed the way in which value and outputs are shaped, delivered and monitored.
- 6.2 The 10% evaluation element has, in my view, not impacted the competition through procurement and has enabled varied and positive bid returns. As such, it is a core challenge point for all spend over £100,000 and ensures that the residents of the Borough are at the forefront of decisions, which again is an excellent positive.
- 6.3 Corporate Procurement will continue to work closely with the Social Value Co-Ordinator to ensure compliance with the Councils Contract Rules and UK legislation is continued alongside the requirement to ensure Social Value is considered.

7. Financial Implications

Implications completed by: Sandra Pillinger Group Accountant

- 7.1 This report provides an update on the impact of the Social Value Policy since it was launched in October 2020. Although there is an implicit benefit from 100% compliance with the policy, these benefits have not been quantified so it is not possible to place a monetary value on the commitments and outcomes secured.

7.2 The financial impact of the commitment to achieve LLW accreditation in the Council's supply chain is not considered as part of this report. This would need to be quantified to assess the financial implications.

8. Legal Implications

Implications completed by: Tessa Odiah, Locum Snr. Contracts and Procurement Solicitor (Law and Governance)

8.1 This report sets out progress on the Council's Social Value Policy and refers to changes to the Social Value Toolkit to reflect legislative changes, to ensure full compliance with the current public Services (Social value) legislative, and wording updates for clarity and completeness to its content. The updated document was published on the Council's internal and external website in May 2021.

8.2 The updates were approved by the Strategic Director of Inclusive Growth under the delegated authority given to him by the Cabinet on 19 May 2020, as they are non-material changes.

8.3 The report also asks the Cabinet to note the positive impact of the revised policy in terms of social value commitments in the first six months from October 2020 to present, and the move to apply for London Living Wage (LLW) accreditation and its associated impacts to the Council's Social Value Policy.

8.4 Legal Services support the proposals outlined in the body of this report.

9. Other Implications

9.1 **Corporate Policy and Equality Impact** - It is anticipated that the commitments secured through the revised policy will deliver improved outcomes and opportunities for residents & customers. The investment in local people theme encourages suppliers to prioritise proposals that provide opportunities for disadvantaged groups, including young people, care leavers and those with mental or physical health conditions and learning difficulties.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

- **Appendix 1:** Social Value Toolkit – Update 2021