

Report to Cabinet
13 September 2017
Report of Business relationship and procurement manager
Subject Social value in procurement framework

Item
7

Purpose

To seek approval for the Social Value in Procurement Framework

Recommendation

To approve the Social Value in Procurement Framework

Corporate and service priorities

The report helps to meet the corporate priority value for money services

Financial implications

None

Ward/s: All Wards

Cabinet member: Councillor Kendrick - resources

Contact officers

Tracy Woods - business relationship and procurement manager 01603 212140

Adam Clark - strategy manager 01603 212273

Ruth Newton - senior strategy officer 01603 212368

Background documents

None

Report

Background

1. In September 2016 Cabinet approved the Procurement Strategy 2016-2020. This included a key objective of 'Work ethically and incorporate sustainability priorities including, local economic development, environmental, equality and diversity and other social value objectives throughout procurement activities.'
2. This builds on existing work across the council to promote social value, including the Environmental Statement, Living Wage commitment and Building Futures project. The council's Reducing Inequalities Action Plan for 2016-17 also includes an objective around maximising the social value delivered through the council's contracts and assets, as a key tool in delivering the council's corporate priority around fairness.
3. Leading on from this the strategy team and procurement team have been developing the Social Value in Procurement Framework, which looks to consolidate this work across the council, to share and promote best practice around social value and to meet our legal obligations under the Public Services (Social Value Act) 2013.
4. The full framework is found in **Appendix A**

Currently in place in procurement on social value

5. Contract tender – selection and award criteria

When awarding contracts a winning supplier must have met selection and award criteria, identified at the point of going out to tender, there are currently some standard social value criteria included e.g.

- the council requires that employees of the selected suppliers, engaged on delivery of services to Norwich City Council, are paid the Living Wage Foundation's living wage; and
- Building Futures in Norwich.

6. Contract management

Contract managers are required to complete a Contract Performance Review Checklist which already contains questions that lead them to have a social value dialogue with their suppliers. In 2016 supplementary questions were asked to increase our understanding of social value delivered by existing suppliers, even though it may not have been incorporated into the selection and award criteria. This highlighted existing areas of good practice.

Implementing the Social Value in Procurement Framework

7. Intended purpose of document

- To provide clarity and transparency to all contractors on social value priorities in respect of procurement and how these relate to our corporate objectives
- To be a tool for contract managers to use when developing new contracts and building into existing contract monitoring
- To encourage tender submissions from a wider and more diverse base of organisations

8. Future embedding of social value into contracts

When identifying the award criteria the procurement team will encourage and assist service areas to incorporate social value questions, which should be

- linked to the subject matter of the contract; it is not about assessing the suppliers general corporate policy on social value; and
- proportionate.

Next Steps

9. It is important that this framework is publicised, both internally and externally with our partners, suppliers and the wider business community. Both the procurement and strategy teams will be reviewing ways that contract managers and contractors can be supported to use the framework.
 - Internally raise awareness and ensure understanding
 - Prepare and hold a workshop for contract managers, including nps Norwich, on incorporating 'working ethically and incorporate sustainability' into contracts – October 2017
 - To share and learn from the good practice currently being demonstrated in services and elsewhere - see **Appendix B** (includes Norwich Norse Environment case study)
 - Service areas to work with the procurement team to jointly identify ways in which social value selection and award criteria can be built into future tenders.
 - Service areas to consider building feedback mechanisms to ensure social value criteria in contracts are both measurable and delivered.
 - Procurement team shall consider further building social value into the Contract Performance Review Checklist to capture outcomes
 - Externally raise awareness and ensure understanding
 - Publish on website
 - Strategy team to attend and promote at a local 'Social Saturday' event organised by Social Enterprise UK in October 2017
 - Procurement team to present and promote at a local Federation of Small Businesses meeting in November 2017
 - Review and brief cabinet one year post implementation of the framework

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	13 September 2017
Director / Head of service	Anton Bull
Report subject:	Social value in procurement framework
Date assessed:	16 August 2017
Description:	Approval of social value in procurement framework

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Value for money services by considering wider benefits from contracts
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Encourages businesses to consider their terms and conditions of employment such as paying the living wage, training opportunities, apprentices etc. Potential to impacting residents with increased employment opportunities
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Encourages businesses to consider their terms and conditions such as health and wellbeing support programmes

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Encourages businesses to consider how they can target inequalities
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Encourages businesses to look at biodiversity
Waste minimisation & resource use	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Encourages businesses to reduce waste and energy usage, increase levels of reuse
Pollution	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Encourages businesses to reduce waste and energy usage, increase levels of reuse
Sustainable procurement	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Encourages businesses to reduce waste and energy usage, increase levels of reuse
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Encourages businesses to reduce waste and energy usage, increase levels of reuse

	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment

Positive

The very nature of the framework is to bring about more value for money by thinking about using scare resources more effectively, by looking at the wider benefits that can be achieved across all the corporate priorities

Negative

Neutral

Issues

Social Value in Procurement Framework

Introduction

What is social value?

Social value is about getting more value out of the money we spend. It provides a framework for thinking about how increasingly scarce resources are used, by looking at the wider benefits that can be achieved when a contract is awarded.

It asks the question: 'If £1 is spent on the delivery of services, can that same £1 be used to also produce a wider benefit to the community?' It is not necessarily about spending more money, but making the same money 'work harder'.

Social value allows us to maximise value for money by influencing contractors to tailor the way they deliver a contract to maximise their positive impact on wider corporate priorities, such as supporting the local economy or reducing inequality.

Why do we need a framework?

A social value framework provides a clear but flexible approach to valuing delivery of wider social, economic and environmental benefits through our procurement and ongoing contract management. It:

- Provides clarity for contractors (potential and existing) on the council's social value approach and priorities and how these relate to our corporate objectives
- Promotes increased competition and innovation in our supply chain as contractors are encouraged to redesign service delivery models to maximise additional benefits
- Provides a flexible framework for contract managers to build social value into their contracts, focussing on the area's most relevant to them, and choosing whether to select specific targets or objectives or to leave the market to innovate
- Has the potential to encourage tenders from a wider range of organisations, including small businesses and social enterprises (particularly where it is combined with revisions to the procurement process and structure to enable these organisations to tender, e.g. allowing local small or specialist providers the opportunity to bid for elements of contracts by using lotting strategies)

Increasing the social value of a contract is about achieving better value for money through changing the ways contractors work, and would not by default add a cost to the contract (although this is possible in some cases, particularly where specific clauses are added to contracts, such as the requirement for contractors to pay the Living Wage).

How would the framework be implemented?

The framework would provide a flexible approach to social value whereby contract managers could select an appropriate social value weighting and priority outcomes most relevant to the size and scope of their contract. Specific outcomes could be specified within the contract or innovation encouraged as part of the bidding process, as well as on an ongoing basis through the duration of the contract.

Draft social value framework

Corporate Priority	Specific social value outcomes we want to see	Possible indicators
A prosperous and vibrant city	Increased employment opportunities for residents	Numbers of new jobs/ apprenticeships/ traineeships created for Norwich residents Number of local residents provided with support to apply for these jobs (potentially via local partner organisations)
	Support for local businesses, through supply chain and wider opportunities	Proportion of supply chain expenditure to go to Norfolk businesses Number of new business start-ups supported, e.g. by running practical workshops with enterprise clubs Prompt payment commitments built into T&C
	Support for community and voluntary sectors, through supply chain opportunities, partnership working or in kind support	Proportion of total supply chain expenditure to be spent with community and voluntary sector providers based in Norfolk Number of hours of advice or support provided to community and voluntary organisations through an Employer-Supported Volunteering scheme Number of hours per year facilities provided for use by community/voluntary organisations
A fair city	Increased income levels for local people	Proportion of staff on or above the Real Living Wage Proportion of existing staff who are offered training opportunities (e.g. to Level 2/3/4)
	Increased employment levels amongst long-term unemployed and other target groups	Number of residents interviewed or given the opportunity to be employed on the contract from the following priority groups: long-term unemployed, young people not in employment, education or training, ex-offenders 10% or more of the workforce (measured in person hours as a percentage of total contact person hours) to be sourced and trained through Building Futures in Norwich Number of unemployed people to be provided with employability support, e.g. career mentoring, mock interviews, CV advice, careers guidance or work experience opportunities
	Improved employment prospects for young people, particularly	Number of young people provided with employability support, e.g. CV advice, mock interviews, careers guidance or work experience opportunities

	those in deprived areas	Number of sessions to be delivered in local schools in deprived areas to support learning (e.g. contractors sharing knowledge and expertise about their discipline) or to raise aspirations and understanding of employment options
	Increased support for reducing inequalities priorities, e.g. by providing ancillary services or securing investment or in kind contributions	Number of residents to benefit from provision of targeted ancillary services delivered alongside core services, e.g. school meal contractors delivering holiday hunger programmes Level of investment in, or in-kind contributions to local reducing inequalities priorities, e.g. fuel poverty
A safe, clean and low carbon city	Reduction in energy and water use	Proposed reduction in energy consumption / carbon emissions per year of the contract Proportion of staff who walk, cycle or use public transport to get to work Proportion of contract covered by ISO 14001 or equivalent standards
	Reduction in levels of waste generated	Proposed reduction in the amount of waste generated/sent to landfill compared to previous contract Increased levels of reuse and recycling by employees or residents
	Increased biodiversity by in our open spaces and housing estates	Proposed reduction in the use of pesticides Increased area of open spaces managed for wildlife Number of community biodiversity projects delivered
A healthy city, with good housing	Improved health and wellbeing of employees	Proportion of employees offered health and wellbeing support programmes
	Increased community engagement to inform service delivery and promote positive campaigns	Number of residents engaged with as part of a community involvement or communication campaign

Social Value Case Studies

Manchester Social Value Framework

Manchester City Council has put in place a range of measures to maximise the social value delivered by their procurement spend. This has resulted in a significant local impact:

- 74% of procurement spend being spent locally in Manchester (and 91% in Greater Manchester), an increase from 52% in 08/09
- Of this local spend, 43p in every pound is now being re-spent in the local economy by suppliers, generating additional benefits
- An increased proportion of spend contracted to SMEs – this was up to 53% of all spend in 15/16
- 1,481 jobs and 262 apprenticeships created in Manchester in 2015/16, including 334 employment opportunities for hard to reach individuals
- 20,638 hours of volunteering and community activities in 2015/16
- 47,875 hours of support to the voluntary and community sector in 2015/16

In order to achieve this, Manchester implemented a range of measures:

- Streamlined procurement processes, encouraging local suppliers to tender
- Incorporated corporate priorities within the tendering process through a social value framework
- Gave social value a weighting in the tender process (initially 10%, now 20%)
- Engaged existing suppliers around social value, promoting local supply chains and recruitment
- Supported businesses in sectors where procurement spend was leaving the local economy, to encourage them to tender for work

Nottingham Jobs

Nottingham City Council require all contractors to source a proportion of their labour for any contract via Nottingham Jobs, an employment support agency set up by the Council with the DWP, working with a range of support agencies. Nottingham Jobs provides a one stop shop for unemployed residents to access support and training to get back into work. Feedback from their contractors has been positive with many returning to the agency to source additional employees.

Basildon Housing Improvement

In April 2016, Basildon Council awarded a £300m contract to Morgan Sindall to maintain and repair the council's housing stock and corporate buildings. As a result of the weighting on social value within the tendering process, the contract includes the creation of a social enterprise, which will deliver external redecorations and estate improvement works. They will work in conjunction with a local college and the Job Centre Plus to target long-term unemployed residents, who will be trained and mentored by Morgan Sindall staff. The not-for-profit social enterprise will also provide up to 30 apprenticeship opportunities, deliver employability workshops for residents and re-invest any profit back into the business or the local community.

Bulky Bob's waste collection

Liverpool City Council was looking to make savings in its bulky waste collection service which was an increasing cost for the council. It commissioned a local social enterprise to provide waste removal and recycling for bulky items, while providing training and employment opportunities for the long-term unemployed. The cost per removal was about half that of the original contract, landfill costs were reduced as repaired items were sold on cheaply to local residents and the local supply chain and training elements provided wider benefits.

Devon Maintenance Panel – supporting local SMEs

The Devon Maintenance Panel Arrangement (DMPA) was set up in 2008 by Devon County Council to deliver responsive maintenance and building works of up to £5,000 for its own estate; it is now also used by a range of other public bodies in Devon. By allowing contractors to bid for smaller scale works in specific categories and locations, SMEs have been encouraged to tender; the majority of the 100 contractors on the panel are SMEs.

City of London – cleaner taxi contract

The City of London worked with their corporate taxi provider, whilst in contract with them, to negotiate replacement of the taxi fleet with cleaner cars, to support improved air quality across the borough. The authority is also working with the taxi contractor to explore the feasibility of hybrid taxis using GPS-linked technology to switch to electric power in air quality hotspots.

Norwich Norse Environmental

Norse are delivering social value within the joint venture arrangement through a range of initiatives, including:

- Offering work experience opportunities for young people, including via a supported programme for people with learning difficulties
- Offering employment opportunities for long-term unemployed residents/ex-offenders – two placements were offered in September 2016
- Creating apprenticeships – Norse have recruited to these posts via City College MINT scheme supporting young people not in employment
- Supporting local community activity – for example volunteer work days or planting