London Borough of Richmond Upon Thames - Social Value Toolkit - 2021

1. Introduction:

What is the Social Value Act?

Social Value refers to the wider financial and nonfinancial value created by the Council through its day to day activities in terms of the wellbeing of individuals, communities, social capital created and the environment.

Social Value is defined through the Public Services (Social Value) Act 2012 (the Act) which came into force in January 2013 and requires all public sector organisations to consider how the Services they commission and procure <u>might improve the economic, social and environmental well-being of the area the contract will support.</u>

The Act applies to **Service contracts** primarily, however, the Council encourages consideration of Social Value in all contracts including goods and works above the UK Public Contract Regulations Services threshold, currently **£213,477**. The approach for contracts that fall below the Services, threshold of £213,477 or relate to Works and Goods, should be considered on a case by case basis to maximise outcomes where possible but should be proportionate to the lifetime value of the contract.

<u>Guide-to-using-the-Social-Value-Model-Edn-1.1-3-Dec-20.pdf</u> (publishing.service.gov.uk)

Why is it important and what are the benefits?

The Social Value Act provides a significant opportunity for the Council to engage with its supply chain by awarding contracts to suppliers that go beyond the provision of just the core contract requirements to deliver more value for the community. This can deliver solutions that are the most economically advantageous and will also, over the long term, help to reduce cost and build a more resilient, healthy, and economically strong community.

Key benefits include:

• Linking the Councils corporate objections and key issues to nationally agreed Themes, Outcomes and Measures (TOM's) will, in effect, define several local TOM's specific to Richmond corporate objectives.

- Better Value for Money delivering more for the public pound by requiring suppliers to do more than 'just' deliver the core services.
- Increases local spend by rewarding organisations that are local or have a local supply chain, especially SMEs and VCSEs
- Increases opportunities for disadvantaged people and promotes social mobility
- Promotes a responsible supply chain by requiring businesses to compete
- Leads to a cleaner, greener borough
- Builds stronger more resilient communities
- Leads to greater innovation and long-term thinking

This Social Value Toolkit has been designed to support **Commissioners**, **Procurement** and **Suppliers** to begin to obtain the benefits of Social Value through how we manage and deliver our procurement activity. This Toolkit is just the start of our Social Value journey as it's important to consider that, as key Council priorities/policies change and/or the local community and stakeholders identify new and emerging topics, the Toolkit will be updated to reflect those.

2. Council Social Value Policy

Richmond Council adopted a Social Value Policy (link below) which, where appropriate, requires a degree of the evaluation weighting to be assigned to Social Value for all Service contracts and Goods and Works contracts as appropriate.

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The Council also agreed to adopt the National Social Value Task Force "TOM's" Social Value Framework and to develop Local, Council specific TOMs aligned to Council priorities (see paragraph 14 below).

3. National Social Value Taskforce

The National Social Value Taskforce was founded in 2016 to establish a good practice framework to integrate the Public Services (Social Value Act) 2012 into the UK public sector and business community. The National Social Value Taskforce is an open network and welcomes any organisation that wishes to get involved and help build collective knowledge of how we can support our communities by working together through the effective implementation of the Act.

National Social Value Taskforce

4. What does this mean in practice?

The aim of the Act is not to alter the commissioning and procurement processes, but to ensure that as part of these processes, public bodies give consideration to the wider impact of the goods, works or services delivered.

Commissioning and procurement leads must ensure that Social Value considerations are relevant and proportionate to the goods, works or services being procured. These benefits can take almost any form, ranging from the very tangible, such as jobs for the long-term unemployed and apprenticeships, or sub-contracting opportunities for small businesses. Other benefits include ensuring food is sustainably and ethically sourced and ensuring all opportunities to reduce the carbon footprint associated with the contract delivery have been maximised.

Suppliers that commit to deliver Social Value as part of their initial bid via contractual arrangements with the council are expected to report on delivery of those commitments, and targets as part of routine contract management, and provide an annual summary report listing their key achievements, and a case study that showcases an example of where they created a real impact.

5. Can Social Value considerations be used to meet Council climate change objectives?

Yes, theme 4 of the National TOMs Framework Environment: Decarbonising and Safeguarding our World contains several outputs/outcomes that can support the Councils challenging climate change agenda. However, bearing in mind that in most cases, the weighting applied to Social Value will be relatively low (10% for example), and suppliers bidding for contracts are free to choose which of

the social value indicators they feel they are best placed to deliver, it could be the case that a supplier decides to include no Social Value offer but relies on a very keen price and/or non-price "quality" proposals to win the contract.

With the above in mind, where commissioning, procurement leads and stakeholders consider that the subject matter of the contract can have a measurable and significant impact on the climate change objectives, specific climate change actions and targets should be included within the **service specification**, and submissions assessed on a **pass/fail** basis when evaluating a suppliers proposals within their method statement to deliver those specific climate change actions and targets.

6. Can Social Value considerations be used to improve the social mobility of a supplier's workforce?

Yes, through the Promoting Local Skills and Employment theme. For example:

The number of weeks of training opportunities on the contract (BTEC, City & Guilds, NVQ, HNC) that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2, 3, or 4+.

The number of weeks of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2, 3, or 4+

7. National Social Value Measurement (TOMs) Framework

National TOMs - Social Value Portal

The National Social Value Task Force sponsored by the Local Government Association (LGA) published the National Social Value Measurement (National TOMs) Framework in 2017.

The aim of the National TOMs Framework is to provide a minimum reporting standard for measuring Social Value, and an agreed set of proxy figures/values to ensure the Council can openly and transparently compare bids, in terms of Social Value, on a like for like basis.

TOMs are broken down into 5 key Themes and against each theme, there is a list of associated Outcomes and, where possible, proxy values:

1.	Promote local skills and employment	2.	Growth: Supporting Growth of Responsible Regional Business
>	Retaining jobs and skills during the COVID-19 crisis	>	Supporting workers, SMEs and VCSEs to face the COVID-19 crisis
>	More local people in employment	>	More opportunities for local MSMEs and VCSEs
>	More opportunities for disadvantaged people	>	Improving staff wellbeing and mental health
>	Improved skills	>	Reducing inequalities
>	Improved skills for disadvantaged people	>	Ethical Procurement is promoted
>	Improved skills for a low carbon transition	\triangleright	Cyber security risks are reduced
>	Improved employability of young people	>	Social Value embedded in the supply chain
3.	Social: Healthier, Safer, and more Resilient Communities	4.	Environment: Decarbonising and Safeguarding our World
>	Supporting communities to deal with the COVID-19 crisis	\triangleright	COVID-19 environmental response
>	Crime is reduced	>	Carbon emissions are reduced
>	Creating a healthier community	>	Air pollution is reduced
>	Vulnerable people are helped to live independently	>	Safeguarding the natural environment
>	More working with the Community	>	Resource efficiency and circular economy solutions are
>	Our Occupiers are more satisfied		promoted
		>	Sustainable Procurement is promoted
		>	More buildings are certified
5.	Innovation: Promoting Social Innovation		
>	Social innovation to create local skills and employment		
>	Social innovation to support responsible business		
>	Social innovation to enable healthier safer and more resilient communities		
>	Social innovation to safeguard the environment and respond to the climate emergency		

8. How to apply Social Value when planning with Commissioners?

Review the existing contract to ascertain what Social Value might already be provided, even if this is not currently monitored or measured. It might be the case that "added value" already being delivered can be turned into measurable Social Value outcomes. For example, the supplier may already be recruiting school leavers, offering training to new staff, or seeking to ensure a service is provided with the minimum impact on the environment.

Consider who should be consulted, both internally as well as externally, including potential suppliers (including the staff who deliver the contract), the local community, Elected Members, Small and Medium-sized Enterprises (SMEs) and Voluntary and Community Organisations and Social Enterprises (VCSEs). If there is to be a soft market engagement phase, ensure you include questions around what Social Value the market feels they can deliver.

What social benefits and outcomes could be achieved through the procurement process, in addition to the goods, works and services being tendered? Could members of the community or the target audience of the contract be involved in the evaluation of submissions?

You can be broad or specific when considering which of the Social Value themes to apply. You may wish to be specific and choose a limited number of TOMs based on the markets ability to meet those, the degree of weighting assigned to Social Value, and the lifetime value of the contract to ensure TOMs proposed are proportionate. Alternatively, you may wish to propose a broad base of the Social Value themes and leave it with potential bidders to choose which of the TOMs they feel best able to deliver. Either option is a valid approach, but the specific approach will ensure you receive Social Value offers which are specific to your requirements.

9. How to apply Social Value within the Procurement Phase

Early soft market engagement is a key tool to ascertain what the most appropriate Social Value indicators to include might be. There is little point in including Social Value indicators that the supply base simply cannot deliver due to the range of goods, works or services being procured.

Consider dividing a large, high value contract into lots to enable smaller bidders to be able to bid.

Contract Notices must include the requirement to detail Social Value, for example as part of the weighting criteria.

Tender documents must make clear the scoring mechanism and the weighting criteria to be applied to the Social Value element of the bid in the same way as price and non-price criteria weightings shall be assessed. Utilise the Measure associated with the Theme/Outcome you propose the bidder may offer as part of their submission to measure the value of their offer.

The tender documents must also detail any contractual elements in relation to Social Value and Key Performance Indicators. For example, provide information relating to defaults which might be applied if a supplier fails to deliver its Social Value offer. It's very important to ensure that contractual provisions have been made for any situation where a supplier fails to deliver the Social Value offered, and against which bids were evaluated, and contracts awarded.

Where Frameworks are used, it may still be possible to secure Social Value. Check the further competition process as this may allow for Social Value considerations. Also, if the Framework owner included Social Value in the original award criteria, you may have the opportunity to engage with Framework suppliers to align the Social Value offer to the Councils key priority areas.

It is important to note that Social Value may be applied to an existing contract. If there are allowable extension provisions built into the contract, there is an opportunity to negotiate with the incumbent contractor to now deliver Social Value outcomes. Likewise, if a contract is being varied or modified, this might provide an opportunity to now build in Social Value outcomes. Even when making a Direct Award, it may still be possible to factor in Social Value into the award.

10. What should a supplier do to demonstrate their Social Value Offer to the Council?

The standard Method Statement approach should be adopted to enable suppliers to demonstrate how they will deliver their Social Value offer to the Council. The Method Statement shall be sufficiently detailed, and the finalised Method Statement will be incorporated as a schedule to the Contract and will form part of the Suppliers contractual commitment to the Council.

In order to ensure that bidders are not simply putting in high Social Value offers to obtain good scores, and improve their chances of winning the contract, bidders must submit evidence setting out how they will deliver the offer being made and in which year of the contract it will be delivered in the form of a delivery plan.

Examples of Social Value questions are contained within Appendix A

11. How are submission Evaluated?

Suppliers will need to demonstrate and evidence what, and how they propose to deliver their Social Value offer in the same way they would demonstrate all other requirements detailed within the tender, via their Method Statement. **The first element** to evaluate relates to the quantitative value of the Social Value offer. It is important to ensure you have subject matter experts on the evaluation panel who have a detailed knowledge of the outcome associated with the Social Value requirement you included.

The principle benefits of using the National TOMs is to provide a consistent approach to measuring and reporting. The TOMs provide a robust, transparent, and defensible solution for assessing submissions and awarding tenders. The TOMs provide a proxy value or output against virtually all TOMs. The broad principle is that Social Value requirements should be evaluated in the same way as any other elements in a procurement exercise and assigned a score as detailed within the table below. The evaluation process must be detailed within the Invitation to Tender pack.

<u>The second element</u> relates to how bidders propose to deliver that Social Value commitment. The Social Value Method Statement must set out the proposed methodology and how proposals are to be delivered against each of the Social Value commitments. If the evaluation team considers the suppliers proposals to deliver the Social Value offer unrealistic, the procurement team must clarify the proposals with the supplier to assess their deliverability.

Evaluation teams shall score the suppliers submission using the following scoring matrix which must also be included within the invitation to tender:

Score	Criteria for Awarding Score for Social Value
4 = 10%	The response exceeds expectations and leaves no doubt as to the tenderer's capability and commitment to deliver added social value relevant to the selected theme. The response shows a very good understanding of what is required to deliver against the relevant policy outcome(s), and makes an excellent proposal, demonstrated through relevant evidence.
3 = 7.5%	The response meets expectations in all material respects and demonstrates a good overall approach to delivering added social value relevant to the selected theme. The response shows a good understanding of what is required to deliver against the relevant policy outcome(s), and makes a competent proposal, demonstrated through relevant evidence.
2 = 5%	The response broadly meets expectations in all material respects, and demonstrates an adequate overall approach to delivering added social value relevant to the selected theme, although there may be minor issues that need further attention or exploration later in the procurement process to ensure proposed outcomes can be met. The response shows a good understanding of what is required to deliver against the relevant policy outcome(s), and makes a generally adequate proposal, demonstrated through relevant evidence.
1 = 2.5%	The response meets some expectations but gives concern in a number of areas. The proposal does not fully demonstrate an adequate level of competence or understanding, or is light on detail, although it may show some general experience in delivering against the relevant policy outcome(s). The proposal would require further attention or exploration later in the procurement process to ensure proposed outcomes can be met.
0 = Fail	No response is provided, or the response is very limited, or is of no relevance to the question, or the tenderer does not wish to propose any additional social value outcomes.

12. What remedies are available if the supplier fails to deliver on their Social Value commitments?

It's important to understand and recognise that the Social Value offer from the successful bidder forms a contractual obligation, it's not an optional deliverable, and failure to deliver on the Social Value offer may, ultimately, lead to termination of the contract.

There will be occasions where the Social Value offer, commitments and actions proposed by a supplier as part of their bid have not been delivered, and remedies may be sought provided these have been provided for in the contract.

Remedies should be the last course of action once all other routes to resolve the matter have been exhausted. Before resorting to remedies within the contract:

- Meet with the supplier to discuss the shortfall in expected performance, it may be the case that there has simply been an error in terms of reporting. Following those discussions, the contract owner may determine that the supplier remains capable of meeting the shortfall and may agree a revised timetable for delivery of the Social Value offering.
- It may be the case that the supplier has genuinely tried to deliver the Social Value target but there may be reasons outside of the suppliers control why that has not been possible. For example, an undertaking to recruit x number of local people but, despite an effective recruitment campaign, no suitable applications have been received. In this type of scenario, the contract owner may choose to vary the Social Value offer and can propose an alternative Social Value outcome with a similar proxy value.

A number of attempts should be made to get the contractor to deliver the Social Value commitment made or a commitment of a similar value. However, if, following meetings and discussions with the contractor (assuming it has been possible to hold such meetings), it is evident that the supplier has no intention of honouring commitments made or agreeing alternatives, then the process for seeking remedies should commence and legal advice may be necessary.

Remedial Options

Option 1 – Maintain the % Social Value offer and choose another measure(s). As a part of their bid, the successful supplier would have submitted a total value score as a % of the contract. This would have been made up of several individual measures. If one measure cannot be delivered for reasons outside of the supplier's control, the supplier may be asked to substitute another measure with the same value to ensure that the total % contribution is the same or similar.

Option 2 - Linking Delivery to Key Performance Indicators (KPIs) KPIs are used in contracts to monitor the performance of suppliers in delivering on tendered commitments. Generally, a KPI measuring Social Value delivery would be one of several KPIs monitoring/measuring the performance of a contractor across the entire requirements of the contract. A contractor could incur KPI points for failing to meet a target. Each KPI equates to service credits that the contractor would need to deduct from its charges. Care must be taken that any deduction is not seen as a penalty. Deductions must be based on evidential losses the Council will incur through the non-delivery of the Social Value KPIs.

Option 3 Early termination, whilst an absolute last resort, if a supplier consistently fails to deliver the agreed Social Value KPI's, this might ultimately lead to early termination of the contract.

13. Governance and reporting requirements

As part of the governance arrangements, Council officers will be expected to detail what Social Value TOM's will be included within scoping reports to Procurement Board, OSC and Committee.

Procurement Board will record which procurement exercises propose to include Social Value as an award criterion, and the Procurement Team shall record the offer from the successful bidder. It is the responsibility of the Contract Owner/Manager, as part of routine contract monitoring, to confirm that the Social Value commitments are being/have been delivered.

Where officers feel they are able to provide feedback on either the process or where Social Value has gone well, this should be fed back to the Procurement team so that lessons learned can be captured and shared and Case Studies produced to share good news stories.

Social Value committed and delivered shall be published quarterly on the Councils external web pages.

14. How can I link TOMs to Richmond Councils corporate objectives?

The Corporate Plan - London Borough of Richmond upon Thames

The Council has six strategic objectives (and sub-objectives) that reflect the Council's priorities and its ongoing corporate ambition to deliver high quality, value for money services, including keeping the council tax amongst the lowest in the Country:

Richmond - Policy objectives	Example SV TOMs Themes
A greener borough	Environment: Decarbonising and Safeguarding our World
 Putting the environment at the heart of local decision making 	

 Safeguarding our beautiful borough, protecting our green spaces and improving air quality 	
 A safer borough Being the safest London borough Working in partnership with police and local communities to prevent and tackle crime and improve road safety 	Social: Healthier, Safer, and more Resilient Communities
 A fairer borough Investing in good local services that protect the most vulnerable A borough that is affordable for all 	Social: Healthier, Safer, and more Resilient Communities Innovation: Promoting Social Innovation Promote: local skills and employment
 A borough for everyone Making sure residents have a real say over issues that affect them Making our borough accessible for everyone and promoting opportunity for underrepresented groups 	Social: Healthier, Safer, and more Resilient Communities Innovation: Promoting Social Innovation Promote: local skills and employment

Useful resources

Link	Site contents
Guide-to-using-the-Social-Value-Model-Edn-1.1-3-Dec-20.pdf	Guide to using the Social Value Model
(publishing.service.gov.uk)	
Procurement Policy Note 06/20 – taking account of social value in	Link to PPN 06/20 which, whilst primarily directed at Central
the award of central government contracts - GOV.UK (www.gov.uk)	Government departments, is still applicable to other public bodies.
National Social Value Taskforce	Link to details of the National SV Taskforce
National TOMs - Social Value Portal	Link to the annually updated Social Value Themes, Outcomes and
	Measures.
https://www.legislation.gov.uk/ukpga/2012/3/enacted	The Public Services (Social Value) Act 2012
VCSEs: A guide to working with government - GOV.UK (www.gov.uk)	Link to specific guidance from central government on tendering and
	procurement, many aspects of which are the same with local
	government.

COMMITMENTS OBTAINED TO DATE (this table will be updated and published on the Councils external web pages quarterly to track progress)

Social Value Theme & Outcome	Volume offered	Proxy value obtained
Promote: local skills and employment		
 Retaining jobs and skills during the COVID-19 crisis More local people in employment 		
More opportunities for disadvantaged people		
 Improved skills Improved skills for disadvantaged people 		
Improved skills for a low carbon transition		
Improved employability of young people		
Growth: Supporting Growth of Responsible Regional Business		
Supporting workers, SMEs and VCSEs to face the COVID-19 crisis		
More opportunities for local MSMEs and VCSEs		
Improving staff wellbeing and mental health		
Reducing inequalities		

\triangleright	Ethical Procurement is promoted	
>	Cyber security risks are reduced	
>	Social Value embedded in the supply	
	chain	
Soc	cial: Healthier, Safer, and more Resilient	
Cor	mmunities	
>	Supporting communities to deal with	
	the COVID-19 crisis	
>	Crime is reduced	
>	Creating a healthier community	
>	Vulnerable people are helped to live	
	independently	
>	More working with the Community	
>	Our Occupiers are more satisfied	
Environment: Decarbonising and		
Saf	eguarding our World	
\triangleright	COVID-19 environmental response	
	Carbon emissions are reduced	
	Air pollution is reduced	
	Safeguarding the natural environment	
	Resource efficiency and circular	
	economy solutions are promoted	
	Sustainable Procurement is promoted	
>	More buildings are certified	

Innovation: Promoting Social Innovation	
 Social innovation to create local skills and employment 	
Social innovation to support responsible business	
Social innovation to enable healthier safer and more resilient communities	
 Social innovation to safeguard the environment and respond to the climate emergency 	
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Appendix A - Example Social Value questions for bidders

Economic example questions

- How will you create jobs through the growth of business and investment in the Borough?
- How you will support the recruitment of people from the local area?
- How you will help more residents improve their employment prospects, and improve their skills though appropriate training, support, and long term job prospects?
- How will you support local people to gain access to the employment opportunities that your contract will produce? For example, this could include targeting specific priority target groups (NEETs (a young person who is Not in Education, Employment or Training), Care Leavers, Minority Ethnic Groups, people with physical or learning disabilities, older people, unemployed, ex-offenders, ex-forces, those with low or no qualifications).
- How will you consider pre-employment support through labour forecasting? This could include consideration to the types of jobs likely to be required and the skills sets needed.
- What work experience will you provide and how will this be achieved? For example, this could include different age groups (e.g. under and over 18s).
- What workplace schemes and opportunities will you provide for apprenticeships, traineeships, higher apprenticeships or other?
- What training opportunities will you offer and to whom? For example, entry-level employment, engaging the unemployed, specific priority target groups, existing workforce, customer staff.
- What education engagement will you offer? For example, with schools, colleges or training providers and how will this be achieved? For example, through site visits, careers talks, work placements etc.

- What support will be provided to the local supply chain through this contract, including activities, information, resources, and organisations? For example, promoting supply-chain opportunities to local voluntary and community sector organisations, social enterprises and small and medium-size enterprises or allowing access to and use of facilities.
- What opportunities are there for voluntary work and what benefits will volunteers receive?
- What will be done to ensure your organisation and sub-contractors support workforce development? For example, this could include additional training and development for existing employees, supporting qualifications, mentoring and support.

Social example questions:

- How will you provide opportunities for all, including the most vulnerable, to make a valuable contribution and promote social integration? For example, this could include work opportunities for disadvantaged people.
- How will you consider equality and diversity in the provision and operation of services? For example, this could include ensuring the workforce is representative of the communities served as part of this contract.
- How will you work towards improving the health and wellbeing of residents and employees?
- How will you work towards reducing health inequalities?
- How will your supply chain ensure ethical considerations? For example, this could include ethical sourcing practices.
- How will your organisation work to help others? For example, local charities, local community groups, local resident engagement, supporting local culture and heritage. This could include funding specific events and groups, sponsorship or sharing expertise, knowledge or facilities and equipment

Environmental example questions

- What are the main environmental impacts associated with delivering the contract outputs and how will impacts be reduced, managed, and verified?
- Have you set any specific environmental objectives to improve environmental performance during the duration of the contract? If so, what are they and how will environmental objectives be managed and verified?
- Please confirm what will be delivered, as part of contract delivery, in relation to any of the following and how this will be achieved: the re-use of resources, increasing recycling levels to reduce the amount of waste, use of environmentally friendly goods, reducing the carbon footprint, pollution reduction, improving fuel and energy efficiencies
- Will you operate an environmental management system certificated to ISO 14001 or equivalent throughout the period of the contract?

Generic Social Value Questions

- Please detail what your Social Value offer will be in relation to this contract and how it will be of benefit to the Council and its residents. This could include social, economic, or environmental wellbeing or benefits and should demonstrate value to be delivered in addition to the requirements of the specification.
- Please detail how you will contribute to Social Value and the Council primary objectives, demonstrating social, economic and/or environmental well-being or benefits and sustainability, taking into account the length of the contract.