

# Social Value Workshop

## Durham County Council

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# Social Value Workshop

- Introduction
  - Social Value Act
  - Durham Social Value Task Force
  - “Social Value Levers”
  - Social Value Outcomes
  - Q&A
-

# Durham County Council



# Durham County Council

- 518,000 residents
  - 219,000 households
  - Largest council in North East
  - 7th largest council by population
  - £860m gross budget
  - 8,500 employees excluding schools
  - 17,800 employees including schools
  - 2016 - Social Value Leadership Award
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# Social Value Act

- In addition, the **Public Services (Social Value) Act 2012** came into force in 2013.
- This makes it a legal requirement for contracting authorities to **consider** how “social value” could be achieved through a given procurement exercise.
- The Act only applies to **services**, and applies above the OJEU services threshold only.
- But do you have to have such a limited scope?

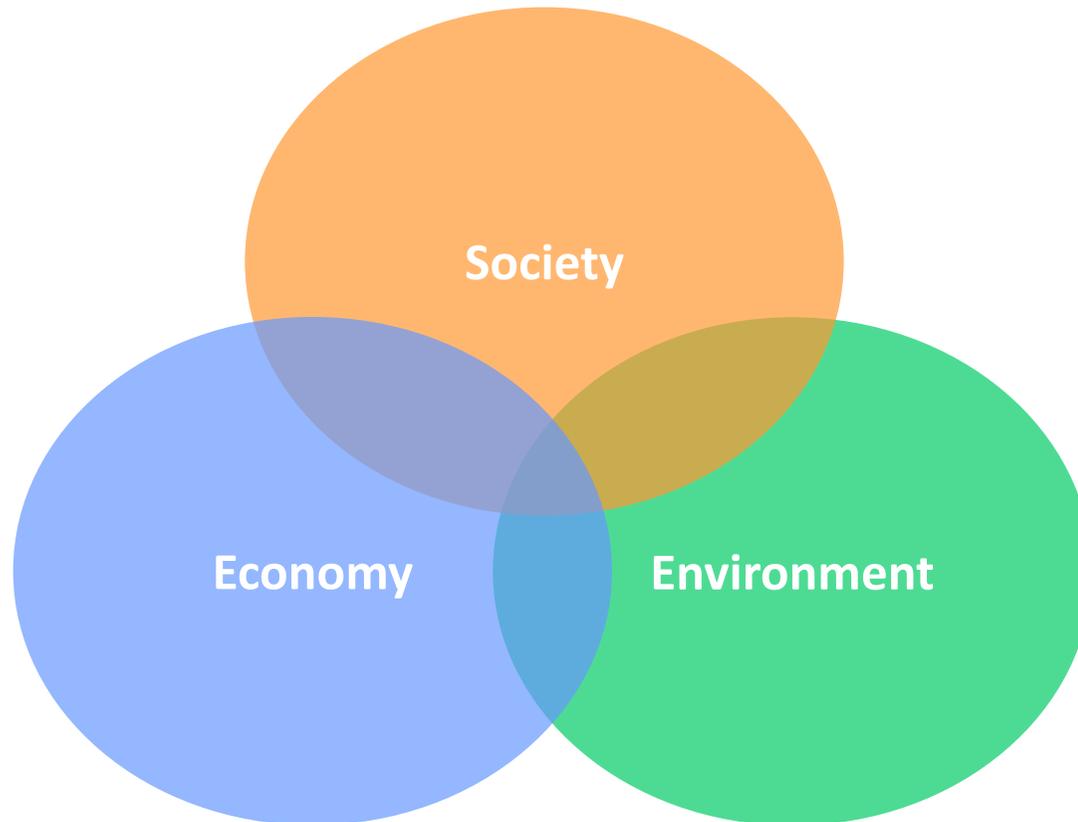


Public Services (Social  
Value) Act 2012

CHAPTER 3

# Social Value isn't a new concept

Three themes of sustainability:



# Social Value isn't a new concept

- “Sustainable Procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to **society** and the **economy**, while minimising damage to the **environment**.”

*“Procuring the Future”* - (UK Sustainable Procurement Task Force, June 2006)

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# Why does it matter?

- It matters because your organisation is a **public body**. The reason you exist is to serve the community, and the wider public good
- The **Local Government Act 2000** reminds us that fundamentally, the objective of any local authority should be:

*“The promotion or improvement of the economic, social and environmental well-being of their area”*

- If we don't give due regard to the impact of our contracts on our **local economies**, on our **society**, or on the **environment**, we are failing in our basic duty as public authorities
  - We also must get the maximum possible value out of every £ we spend!!
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# Social Value Outcomes

- The Act does not give a specific definition of “social value”, but it does refer to **economic**, **social** and **environmental** outcomes – the three pillars of sustainable procurement. These could include:
    - ✓ Creating or supporting local **employment** and **training** opportunities, both in general and targeted to **disadvantaged** groups such as disabled persons, long-term unemployed, and ex-offenders.
    - ✓ Ensuring the procurement exercise is as accessible as possible to **SME and third sector bidders**
    - ✓ Opening up further **supply chain opportunities** for local and small firms.
    - ✓ Ensuring sustainable sourcing of materials such as **timber** and paper products
    - ✓ Reducing **waste** and **CO2** associated with the contract.
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# Is Social Value more expensive?

- Sustainable solutions are often based on being more efficient. In many cases, more sustainable options actually cost your organisation **less** than traditional, less sustainable ones
  - Energy efficient technologies can cost less to run and maintain, and are often less costly to dispose off
  - There is a perception that suppliers will **price** for any social or environmental options. In fact there is very little evidence for this. If the market is competitive, the supplier that increases their price is taking a risk of losing the business!
  - The right approach can also *increase* competition
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# Social Value Task Force

## What has worked for us in Durham?

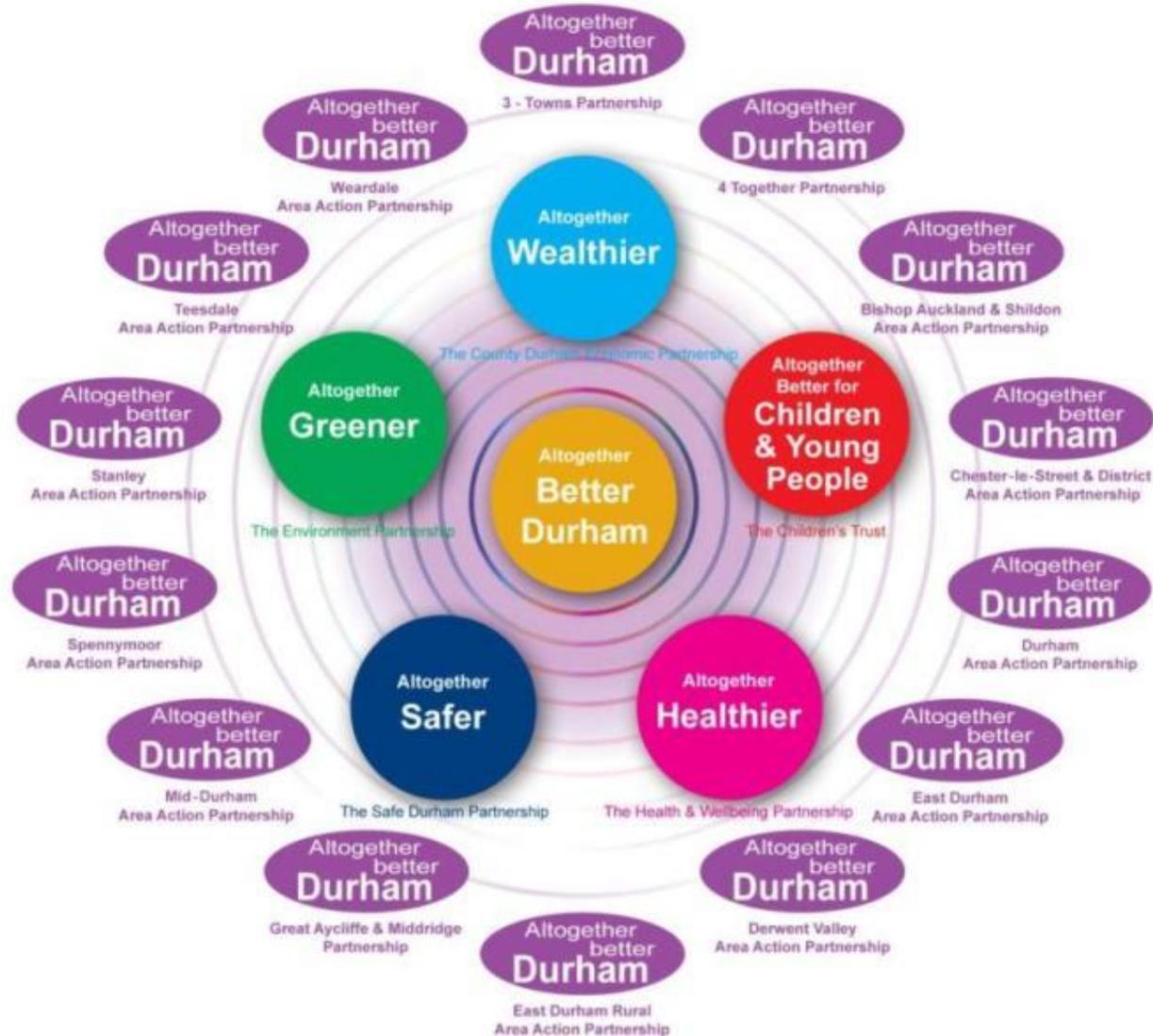
- In 2013, Durham formed a **Social Value Task Force** in conjunction with our local branch of the **Federation of Small Businesses** and **Social Enterprise UK**. The Task Force consulted with representatives of local businesses, third sector organisations, and social enterprises, as well as our elected members.
  - The participants in the Task Force felt that social value outcomes should be sought from **goods** and **works** procurements as well – and not just those of the highest value.
  - We have therefore made it our policy to apply sustainable procurement considerations to every tender with a likely value of **£50,000** or over – and across **all categories**, as a mandatory element of the procurement planning process.
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# Social Value Task Force

## What worked for us in Durham?

- The Taskforce continues to meet 2-3 times per year, and continues to provide a “steer” to our procurement planning for social value – as well as giving us feedback on how we are doing
  - We also carry out regular supplier engagement **workshops** (open to any interested organisation) at which social value is one of the focus areas
  - We use the workshops as a means of promoting SME / third sector / small supplier access
  - They are also a useful means of getting **feedback** and ideas from our local market, as part of an ongoing conversation
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# Partnership Working – Essential!

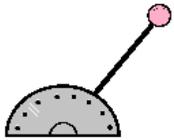


# Stakeholder & Market Engagement

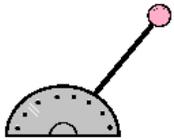
- You can never start too early!
  - You can never do too much!
  - Elected Members – as representatives of the communities you serve
  - Senior management team – essential to have their buy-in
  - Internal clients
  - Service users and the community
  - Suppliers!
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# Social Value Levers

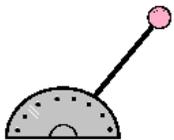
- We found it useful to divide the main methods for implementing social value into four key “levers”:



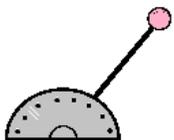
- What different methods can you use to incorporate Social Value in your procurement processes?



- Think about the **process**.



- How can Social Value be assessed?

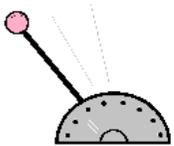


- Can you build it in? Or is it up to the supplier?

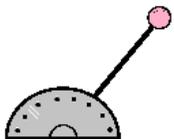
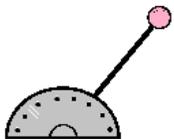
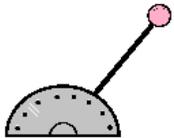


# Social Value Levers

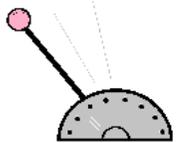
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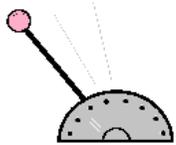
## Shortlisting criteria



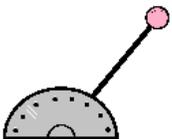
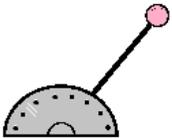
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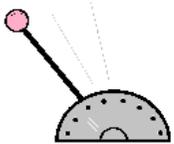
**Shortlisting criteria**



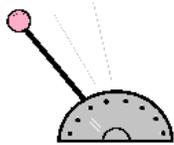
**ITT (final tender) questions**



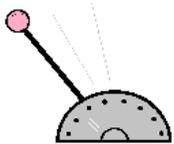
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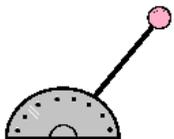
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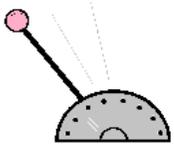
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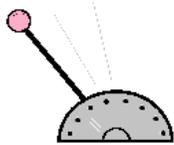
**Specification**



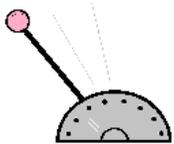
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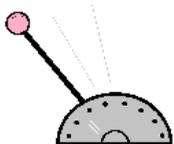
**Shortlisting criteria**



**ITT (final tender) questions**



**Specification**



**The process itself**

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# Lever 1- The SQ

- One way to look at Social Value in the procurement process is at the SQ (shortlisting) stage of a restricted procedure or competitive procedure with negotiation.
  - This involves asking one or more scored *technical questions* about the bidders' experience and track record in *specific* areas of social, environmental or economic added value.
  - The responses we receive on social value issues at SQ stage can even be used to fine-tune the final specification for ITT (although the main requirements of the contract must of course be established at the start).
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# Lever 1- The SQ

## Tips on using this approach:

1. Be **specific** if possible – each question should focus on a particular social outcome relevant to the contract and/or the market.
  2. Be **proportionate** – general good practice suggests any social value questions should form between **5%** and **20%** of the available quality marks at SQ stage – and generally no more than three questions.
  3. Make use of **market knowledge** to select questions that at least some in the market will be well-placed to respond to.
  4. Focus on **outcomes achieved**, not just **policy statements**.
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# Lever 2 - ITT

## Tips on using this approach:

1. Again, we should be **specific** if possible – each ITT question should ask for proposals or targets against a particular social value outcome - and a narrative on how this would be delivered.
  2. Ensure any questions are **proportionate** and **relevant** to the contract.
  3. Even more so than at SQ, our approach should be supported by **market knowledge** – it's no good asking for something the market can't deliver.
  4. If we have any **minimum target** expectations, we need to make them clear.
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# Lever 3 - Specification

- Building sustainable outcomes into the **specification** is a particularly straightforward method.
- We don't need to ask complex questions or assign scores – we just make the social value outcome *part of what we buy*.
- For example, for all contracts involving **timber or paper products**, Durham specifies that the timber used must meet a certain sustainable sourcing standard – FSC or PEFC.
- As part of the specification, this is a basic requirement of the contract – it must be met.



# Lever 3 - Specification

## Tips on using this approach:

1. We should make sure the social value elements are **clearly stated** as part of the main contract specification.
  2. Make sure we're specifying something the market could reasonably be expected to **deliver** (or we might get no bids!).
  3. Remember the mutual recognition principle. Where specific standards or labels are stipulated, you must be willing to accept "*equivalent*" products or certifications – and state that you will do so.
-

# Sustainable Buying Standards

## Tips on using this approach:

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  3. Remember the mutual recognition principle. Where specific standards or labels are stipulated, you must be willing to accept "*equivalent*" products or certifications – and state that you will do so.
-

# Sustainable Buying Standards

- In many cases we will employ a simple PASS / FAIL essential criteria for each Buying Standard, when we use it in a contract.
  - This ensures the supplier's attention is drawn to the standard, and we can eliminate any bidder who would be unable to provide the sustainable products or services we require.
  - The standards are published on our website, on our main Procurement Strategy page, to bring them to the attention of suppliers interested in doing business with us.
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# Lever 4 – The Process

- The final lever is the conduct of the procurement process itself.
- In addition to, or instead of, SQ or ITT questions, or specification, we can also achieve social value through the very manner in which we procure the contract, especially by opening up SME, social enterprise and third sector access.

*(Because increasing local SME and local third sector spend is a positive socio-economic outcome for the local area, and the wider economy).*

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# Lever 4 – The Process

Such measures can include:

- Removing or reducing turnover **thresholds**, where financial risk is not high, to improve access for small organisations and start-ups.
  - Dividing larger contracts into **lots** so that small organisations with limited capacity can bid for part of the contract.
  - Ensuring the procurement process is accessible to bids from **consortia** or partnerships formed from multiple organisations.
  - Engaging in **supplier engagement** with the local market, prior to tender – to help ensure local bidders understand the process and are “bid ready”.
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# Measurement & Reporting

- Deciding what to measure and how to measure it can be tricky.
- Ideally we need measurements that are SMART, and link to local or national policy drivers – to show how we are making a difference.
- The LGA is working with the Social Value Portal to put in place a national framework of social value measurements.
- This will enable Councils and other public bodies to measure social value outcomes against a harmonised set of measures – allowing achievements to be compared, and national data on social value to be compared for the first time.

# Measurement & Reporting

- Some outcomes can be measured on a contract-by-contract basis:
    - ✓ Training opportunities or jobs created (FTEs or hours of training).
    - ✓ CO2 reduction (tonnes).
    - ✓ Waste diverted from landfill (tonnes).
  - Some outcomes are trackable across your **spend**:
    - ✓ Spend % with local suppliers.
    - ✓ Spend % with SMEs.
    - ✓ Spend % with third sector organisations.
    - ✓ Spend % with new suppliers.
-

# Measurement & Reporting

- The range of measures will also serve as a “toolkit” to help authorities understand what can be measured – and how.
- It is not expected that ever authority will use every metric!
- Instead, you can select those that align to your local priorities.
- These will be official launched at the National Social Value Conference - 14<sup>th</sup> November in Birmingham. (Save the date!)

# Durham Spend Profile

• Total Spend	£447m	
• SMEs	£249.67m	55.86%
• North East	£289.39m	64.74%
• NE SMEs	£199.78m	44.69%
• Co. Durham	£197.15m	44.10%
• Co. Durham SMEs	£153.66m	34.38%
• Voluntary	£60.16m	13.46%

# Case Study 1 – Community Based Learning

- In 2015 Durham County Council tendered for the provision of **community-based learning** for adults who find it difficult to engage with mainstream further education.
  - To make the tender accessible to smaller organisations, which may specialise in particular forms of training and education, the contract was split into several **lots**, allowing organisations to bid only for those elements of the contract they were interested in or felt best suited them.
  - In another step to ensure smaller organisations had the best possible opportunity to bid, the Council opted not to apply a **financial turnover threshold** or **credit score** to this tender, as this is often a barrier to small firms, VCS organisations, or newly-formed social enterprises.
  - Prior to going out to tender, the Council held a **supplier briefing** to explain the procurement process to potential bidders.
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# Case Study 1 – Community Based Learning

- To harness the benefits which could be offered by third sector organisations and social enterprises, the award criteria for the tender included a scored evaluation of the bidders' approaches to **promoting equality and diversity** and engagement with **local stakeholders**.
  - As a result of this approach, several of the successful organisations were smaller County Durham and North East VCS organisations and social enterprises, including:
    - ✓ **Northern Rights CIC**
    - ✓ **Cornforth Partnership**
    - ✓ **Coundon & Leeholme Community Partnership**
    - ✓ **TIN Arts**
    - ✓ **Northern Learning Trust**
    - ✓ **SkillShare North East**
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## Case Study 2 - Bowlees Visitor Centre café

- Last year, we awarded a new **concession** to operate the café at our Bowlees Visitor Centre in upper Teesdale.
  - The centre is important to the local community and we were keen to ensure that small local catering firms had a fair chance to bid, so we held a supplier engagement day - 15 local caterers attended.
  - The tender placed a balanced weighting on **commercial return** alongside quality elements which included **local sourcing** and the ability to deliver a healthy “**whole food**” menu.
  - Competing alongside national and regional contract caterers, the concession was won by **Café Fresh**, a local business from Middleton-in-Teesdale. They have designed a site-specific menu including a new recipe **Bowlees Sausage** created by their local Teesdale butcher.
  - Visitor feedback is already very positive and the income generated for both the supplier, and the Council, has increased by almost 50%.
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# Case Study 3 – Banking Services

- The Council required a new provider of **banking** services after the Co-op Bank decided to withdraw from the market. The new contract has been won by **Lloyds Banking Group** following a competitive process.
- At the outset we were keen to understand what social value opportunities a contract of this nature could support.
- We consulted our **elected members** who were keen to promote **financial inclusion**. This led to further consultation with local **credit unions**, the CAB, and other groups working with people in financial difficulty.
- Elected members were also concerned about the reputational risk of being seen to do business with an unethical bank.

# Case Study 3 – Banking Services

- The procurement process was an Open tender, and included a scored technical question assessing bidders on their track record of **responsible** and **ethical** investment,
  - In addition, the specification incorporates social value outcomes including:
    - Support and training for local **credit unions**,
    - Pro bono **business support** for **third sector organisations** and **social enterprises**,
    - Support to *Business Durham*'s programmes of business development,
    - **Money management** advice to be delivered in local schools.
  - Lloyds are required, as part of the contract, to devote at least 350 hours per year to specific activities within this scope.
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# Q & A

