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# Bridging the Gap



**A Good Practice Guide for Making the Most of the Social Value Act**

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for Warwick and Leamington**

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## FOREWORD - Chris White MP, Member of Parliament for Warwick and Leamington

In the last Parliament, I worked with a number of organisations, most notably Social Enterprise UK (SEUK), and MPs from across the political spectrum, to deliver the Social Value Act as my Private Member's Bill.

Since then, there have been a number of examples of tangible benefits to communities. It is encouraging to see many local authorities embracing 'social value', recognising the widespread gains that can be achieved through embedding its principles into the procurement process. While this progress is to be applauded, it is right that we continue to raise awareness to those commissioners that are not fully adopting the Act, for whatever reason, and the **Social Value Maturity Index** should go a long way in achieving this.

Social value has the potential to transform the way in which public services are commissioned, creating additional social, economic and environmental benefits. It is important that commissioners are fully aware of social value's potential and also that, when coming to a decision, it is made on more than just financial grounds; it is clear that longer-term savings can

be made through integrating social value into the process.

It is in this context that the Social Value Maturity Index, developed by the social value best practice taskforce, is a significant contribution and a useful document in providing case studies as well as guidance as to how to make the most of the Act. I am fully supportive of it and these reports and I hope that they provide the tools necessary for the Act's take-up to become more widespread across the UK.

An important aspect of the taskforce's findings is the focus on the need for collaboration with businesses. Strengthening communities through the use of social value must be on a holistic basis and businesses play such an important role in local communities. Building social value into procurement, irrespective of the type of organisation you belong to, is an extremely worthwhile ambition to work towards.

I would like to congratulate all involved with the social value taskforce for this excellent report.

**Chris White**



**"Social value has the potential to transform the way in which public services are commissioned, creating additional social, economic and environmental benefits"**

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## Contributors

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**The best practice social value task force was founded in February 2016 in order to establish a good-practice framework for the integration of the Public Services (Social Value Act) 2012 into our public sector and business.**

**It is an open network and welcomes any organisation that wishes to get involved. Participants help build our collective knowledge of how we can support our communities by working together through the effective implementation of the Act.**

### **The Best practice social value task force**

Chris White MP, Member of Parliament for Warwick and Leamington

#### **Task force sponsor**

Guy Battle, CEO, The Social Value Portal

#### **Task force founder**

Terry Brewer, divisional director of procurement, Harrow Council

#### **Chair**

**“The aim of the Task Force is to help bridge the gap in our collective knowledge, establish best practice and to unlock this additional potential value for communities”**

Guy Battle, Best Practice Task Force Founder

### **Task force Participants and Contributors**

- Alison Symmers, head, Willmott Dixon Foundation
- Cindy Nadesan, procurement improvement officer, Orbis (Surrey and East Sussex Councils)
- Dave Sweeney, director of transformation & deputy chief officer, NHS Halton CCG & LA
- Elaine Roberts-Smith, category manager, Halton Borough Council
- Guy Head, project coordinator, Local Government Association
- Haydn Brown, head of procurement strategy and development, Birmingham City Council
- Dr. Isobel Beetham-Holman, policy adviser, The Cabinet Office
- Liz Holford, director, Supply Chain Future
- Liz Welton, assistant director of procurement, Coventry City Council
- Loraine Cox, head of procurement, Halton Borough Council
- Nicole Fletcher, head of sustainable development, London Fire Brigade
- Peter Schofield, AGMA procurement hub programme manager
- Tina Holland, programme manager, procurement, Local Government Association,

## Why is Guidance Needed?

**The Public Services (Social Value) Act 2012 came into force in January 2013 and yet despite the 2.5 years that have passed since its implementation and the clear opportunities that the Act is already delivering, the uptake has been relatively patchy and slow. In many ways this is not surprising given the financial challenges that local government have been set over the past few years alongside the fact that the Act only requires public bodies to ‘consider’ social value within their commissioning and procurement processes**

And yet, noted by Chris White in the foreword of the document, there are those within the public sector that have embraced the Act as if manna from Heaven itself, calling it “a revolutionary piece of legislation” with “the potential to transform the public sector”.

### Here is a small sample of the benefits:

- Harrow Council is looking to deliver an additional 20% social value on all contracts over £100,000 with the potential of realising over £40m per annum
- Bury Council has agreed an additional £400,000-worth of social value on a new financial services contract with Barclays
- Halton Borough Council has implemented a way of valuing additional social value in terms of financial outcomes and is using this across all contracts
- Surrey County Council has a dedicated social value and procurement improvement officer
- Legal and General have identified a potential additional £10m per annum in social value for Hammersmith and Fulham Council.
- Birmingham City Council has implemented a business charter for social responsibility that is delivering significant additional value across the region

So why this difference of opinion, and why are so many councils still only seeing obstacles where others see big opportunities?

There are a number of reasons being put forward, including lack of guidance, concerns about additional project costs and availability of resources.

And so, the purpose of this initiative is to bridge this gap in our collective knowledge by providing a tool as well as support that may be used by all public sector organisations and their suppliers to embed social value where they are, help them decide where they want to get to, and provide some guidance and tips on how to get there.

### The publication is made up of two sections

**Section 1 – Bridging the Gap: Improving Communities with the Social Value Maturity Index (SVMi) to Improve Communities.** Here we set the scene, describe why guidance is needed, explain the policy context and the objectives and purpose of the Social Value Maturity Index along with some simple guidance about how to use and apply it.

**Section 2. Bridging the Gap: A Good Practice Guide for Making the Most of the Social Value Act.** We provide practical supporting information for practitioners including a range of case studies where contributors share lessons learned to help others on the journey of embedding social value into their organisations

**“Ultimately social value is about delivering better outcomes for the communities that we serve: it makes no sense not to apply the Act”**

Terry Brewer, Director of Procurement, Harrow Council

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## Getting involved

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### We need your feedback and we want you to get involved!

You can download the Social Value Maturity Index at <http://socialvalueportal.com/social-value-taskforce/>. Please share the self-assessment tool with your colleagues to work out where you are and where you want to be. You can also use the tool to create your own action plan. Please send us your results as we are conducting a nationwide survey of progress. They will, of course, be kept anonymous but used to inform Government and help others understand what is possible.

We have also created a forum where you can get involved in discussion, ask questions and get help from colleagues across the country about particular issues you may be struggling with.

If you want to get involved in upcoming task force discussions or meetings, please email the team at [admin@socialvalueportal.com](mailto:admin@socialvalueportal.com) and we will let you know how you can join. Specifically, we are looking to collect further case studies if you have them.

### Key areas where we are looking for feedback and for others to get involved include:

- Task 1: Integrating social value into framework agreements, especially those arising from public buying organisations
- Task 2: Developing a generic set of themes, outcomes and measures (TOMs) that would be common to all
- Task 3: Developing a generic set of financial proxies
- Task 4: Developing the next iteration of the <SVMI> and conducting a nationwide survey



#SVMI

# Good Practice, Case Studies and Supporting Information

## A LEGAL PERSPECTIVE

Julian Blake, Partner, Bates Wells Braithwaite

### Social Value as an established, permissive concept in public service commissioning

There is a common misconception that social value was introduced into UK public service commissioning by the Public Services (Social Value) Act 2012.

In fact, social value has long been a legitimate consideration, expressly and implicitly since 1999, although the Act did add a duty to consider social value as a supplement to the pre-existing power to utilise the concept.

- Social value was first expressed as a concept within the 'best value' regime, introduced under The Local Government Act 1999, with the aim of promoting continuous improvement in the exercise of public authority functions. Updated guidance, published on 27 March 2015 states that local authorities should consider overall value, including economic, environment and social value when reviewing service provision.
- The Public Contracts Regulations 2006 required selection of suppliers by price, or by most economically advantageous tender ("MEAT"). These rules were superseded by The Public Contracts Regulations 2015<sup>1</sup> that expressly incorporate a range of factors beyond price alone, to deliver the optimum balance between price, quality and other cost-effective value factors.
- The 2015 Regulations apply the current EU Directive on Public Procurement and the new Regulation 67 now provides MEAT<sup>2</sup> as the only basis of award, with price alone no longer considered a proper basis alone to award. In addition, the updated definition of MEAT includes express reference to '**environmental and social aspects**' of the price/quality ratio.

There is a common misconception that 'social value' was introduced into UK public service commissioning by the Public Services (Social Value) Act 2012. In fact, social value has long been a legitimate consideration since 1999

The European Commission's focus on social value was explicit in its publication in January 2011 of Buying Social – A Guide to Taking Account of Social Considerations in Public Procurement ('Buying Social Guide') and more officially in the preamble to the draft EU Directive published on 2 October 2012 which stated that: having largely achieved the Commission's aim of creating a EU marketplace within which rigorous pro-competitive principles applied, the Commission considered it appropriate to turn its attention to other objectives, including making "**better use of public procurement in support of common societal goals**".

The permissiveness of the new procurement regime is illustrated by examples and potential benefits arising from award contained within in the Buying Social Guide:

### EXAMPLES FROM BUYING SOCIAL GUIDE

Distinctions Used	Potential Benefits
Employment opportunities	Assisting compliance with social and labour law
Decent work	Stimulating socially conscious markets
Compliance with social and labour rights	Demonstrating socially responsive governance
Social inclusion	Integration of market activities
Social economy organisations	Effective public expenditure
Accessibility and design for all	Overall sustainable economic growth
Ethical trade	Improving living and working conditions
Corporate social responsibility	
Human rights	
Use of SMEs or third Sector	

Good public services may be characterised by generating real, tangible and measurable beneficial effects, impacts and cost-efficiencies or savings beyond the literal delivery of a defined service for a specified price and that these may properly be considered within a commissioning process

To this already permissive framework the Social Value Act added the positive duty to consider **“how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area and how, in conducting the process of procurement [the public authority] might act with a view to securing that improvement”**.

The Act was a stimulus to social value becoming a recognised subject in the UK context and makes it clear that:

- No specific legal authority is required for public authorities to fulfil their public interest commissioning functions
- Good public services may be characterised by generating real, tangible and measurable beneficial effects, impacts and cost-efficiencies/savings beyond the literal delivery of a defined service for a specified price and that these may properly be considered within a commissioning process.

As long as social value obligations are:

- Appropriately linked to the subject matter of the procurement
- Be proportionate to the requirements of the procurement
- Be consistent with value for money
- Be consistent with the EU principle of equal access for all EU suppliers.

### The legal meaning of social value

The lack of any formal legal definition of social value can lead to a suggestion that it is too vague a concept to have practical meaning and a reluctance to move beyond clear and safe traditional service specifications and pricing.

However, this lack of specificity also permits for creative and imaginative interpretation and innovation. This makes the concept of social value potentially a major aid to addressing how best-practice and best value public services could and should be structured, commissioned and delivered.

There are, helpful distinctions that can draw out the meaning and importance of social value, specifically, there is a distinction between the incorporation of social value into the commissioning of public services as a public authority function, where social value may be integrated into the commissioning and ‘social buying,’ where, in the purchasing of general goods and services, public authorities may act as influential socially responsible purchasers within the market.

Key issues to consider include:

- **Social buying:** in relation to public services, additional (social) deliverables, which are desirable in relation to, but not essential for the particular service delivery, **commissioners can require, or request such added-value elements and/or suppliers can offer them.**
- **Social business:** social value can also refer to the inherent characteristics of a service, or a supplier. For example, charities, social enterprises and other **socially-focussed businesses are bound to deliver more than profits for their stakeholders and this is a distinction that commissioners can use in their selection criteria as long as it is in the public interest and to which all suppliers can respond.**
- **Social Impact:** social value in relation to public services can mean applying a social impact-analysis to a service to identify qualitative effects, impacts and cost-efficiencies/savings beyond the immediate service delivery and over the medium to long term. Such a service may justify a higher price than a cheaper more routine intervention **and commissioners can require such social impact deliverables and/or suppliers can offer them.**



**The more integrated social value is with the price and quality elements, the more it will become part of the currency of commissioning**

All these possibilities may be considered, in compliance with the Social Value Act and/or generally in exercising commissioning powers and supplier cohorts may be consulted in relation to policy formulation and again prior to particular procurements to identify such possibilities.

**Practical issues relating to social value**

Regulation 40 of the 2015 Regulations makes it explicit that potential suppliers may be included in pre-procurement market consultations, provided the pro-competitive principles of non-discrimination and transparency are not violated, in particular through ensuring information material to the subsequent procurement process is available on the equal-treatment principle.

All these considerations may be applied by commissioners within reasonable parameters. In principle, this leaves the only justifiable basis for a challenge to the social value elements within the procurement of a service, for instance, by a disgruntled supplier, to be a manifestly unreasonable approach by the public authority. Robustness remains the appropriate response to such unjustifiable challenges.

To minimise problems arising from the prospect of challenge in relation to social value, the same disciplines that are used generally in relation to procurement apply, including the obligations to ensure that:

- The objectives of the commissioning exercise are clearly established from the outset and any associated procurement specification is properly related to those objectives
- There is consistency between the specification, the tender requirements, the evaluation criteria and the contract

- There is compliance with the EU General Treaty principles in market communications and in the internal processes of the public authority;
- Social value elements are objectively relevant to the subject matter of the contract.

Price and quality requirements, or offers, are typically straightforwardly specified. Social value and social impacts underlying social value are typically not straightforward, but they still represent a third aspect of any public benefit service development and merit applied and detailed consideration on that basis.

The more integrated social value is with the price and quality elements, the more it will become part of the currency of commissioning. For example, one integrative method is to base competition within a procurement process on what quality of service and social value may be delivered at a specified level of pricing.

At its most sophisticated, including social value elements may be closer to a concept of the combined commissioning of a service and associated benefits and cost efficiencies/savings would be assessed across all public service budgets.

An important caution is against developing social value provisions based on imprecisely identified supposedly desirable social impacts. For example, supporting local, or voluntary, organisations, or SMEs does not, per se, represent social value. A particular objective rationale is required as to why social value would be delivered. For example, desirable characteristics of a service may, objectively, include: local knowledge and accessibility; enhanced standards typical of the voluntary sector; or efficiencies/savings typical of SME operation.

There is a question, in each case, about how far the commissioners should seek to prescribe social value elements and how far reliance should be placed on the

articulation of social value offerings by suppliers. The former may tend to miss what might be available, while the latter raises problems about the clarity of the invitation to suppliers to tender and establishing an evaluation framework capable of fairly measuring different competitive offerings. However, securing best value services, the purpose of commissioning, inherently requires a whole range of interpretive, professional and reasonable judgements.

As with all service specification and quality requirements, social value provisions need to be incorporated into the service contract through appropriate translation of the tender offer into contractually defined outputs and performance monitoring and assessment mechanisms.

### Post Brexit Notes

The best value regime, Social Value Act and 2015 Regulations are all established UK law and as such Brexit will have no direct impact on the Act.

The 2015 Regulations are derived directly from EU law. The consensus is that substantive compliance with EU competition law, of which the EU public procurement regime is part, will, almost certainly, be a condition of any post-Brexit continued access to the European Single Market.

Similar pro-competitive requirements otherwise also operate at the level of world trade.

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## DEVELOPING YOUR THEMES, OUTCOMES AND MEASURES

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### Cindy Nadesan, Orbis Procurement (Surrey and East Sussex Councils)

In order to implement a coordinated approach to embedding social value, it is essential to develop a strategy outlining the aspirations of the organisation. These aspirations should be aligned through a 'golden thread' with the corporate values and priorities to make sure that the approach adopted and the resources invested will contribute to delivering the commitments made to stakeholders.

The implementation plan to deliver the social value strategy should include the key areas of focus: the resources required and how people, systems and processes will be integrated to achieve the social value aspirations of the organisation.

The Orbis<sup>5</sup> social value measurement framework is based on the shared priorities of Surrey and East Sussex County Councils and the social value themes, outcomes and measures (TOMs) included in the framework were designed to support the commissioning priorities of all directorates across the organisations.

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#### THEME OUTCOMES MEASURES

Overarching principle that a council is looking to deliver  
The social outcome that a council is looking to achieve  
The means by which a council measures delivery of the outcome against targets

#### VALUE

Equivalent financial value (fiscal savings + economic benefit + social wellbeing)

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THEME	OUTCOME	MEASURE	VALUE
The principle issue being considered.	A series of social outcomes that support the theme	A measure against which progress may be reported	£ value to society of the outcome being delivered
E.g. Social Issues	E.g. More local jobs	E.g. No. of jobs for NEETS <sup>3</sup>	E.g. £14,438/ annum <sup>4</sup>

Table: Example TOM Measurement Framework with Proxies

The primary consideration in developing the framework is to ensure that the measures proposed are realistic and verifiable. Applying due diligence by validating sources and early stakeholder engagement from finance, legal, audit and service teams will position the framework as an enabling tool that can be used to quantify the benefits that could be accrued from creating social value through leveraging external spend. The social value measurement framework (or TOMs framework) may be applied to all tenders and frameworks managed by the Council and will be made available to bidders to select the social value that is within their capacity and capability to deliver.

The key benefits of this approach include:

- A fair and transparent methodology for social value to be incorporated as a weighted criterion into tenders;
- A process that would enable the quantifiable reporting of social value benefits with financial measures delivered through commissioning and procurement activity;

- Eliminating the risk of challenge in relation to the scoring of social value within tenders, as the measurement framework removes subjectivity from decision-making;
- Facilitating innovation and communicating the Council's social value priorities to the market, making it easy for suppliers to identify how they can contribute, and;
- Leveraging spend to support local priorities and deliver additional benefits to residents, communities and third sector organisations

The nature of the Social Value Act means that each contracting authority can consider and implement social value initiatives as widely (or selectively) as they deem appropriate. Orbis Procurement will continue to promote the implementation of social value as a tool to save money and add value in the context of significant cost pressures. It will do this by facilitating innovation and influencing stakeholders to think about public services in a more integrated way.

### Example

Orbis worked with the Social Value Portal to develop its own specific social value measurement framework (TOMs framework) that built on the corporate strategies from both Surrey and East Sussex but also used information from other councils from around the country that SVP was able to share.

The framework was built around four key themes. Each theme was broken down into objectives and targeted outcomes.

**A TOMs framework will help eliminate the risk of challenge in relation to the scoring of social value within tenders, as the measurement framework removes subjectivity from decision-making**

THEME	OBJECTIVES	OUTCOMES
<b>Economy (develop a strong and competitive local economy)</b>	Increase local spend with suppliers	Thriving local businesses
	Develop local supply chains	People have the skills for work and businesses have access to a skilled local workforce
	Proactively address skills shortages by measuring and improving employment and skills commitments	More local people in work
	Promote local recruitment to support growth and sustainability requirements	
<b>Social (support the health, wellbeing and independence of local residents)</b>	Develop stronger links with the voluntary and community sector (VCS) and other community groups by building capacity and sustainability	Empowered, effective and resilient voluntary, community and faith sector
	Secure apprenticeships, training and other work opportunities for priority groups	People are healthier and are supported to live independently
	Identify and support the delivery of benefits that meet the need of local communities and residents	Businesses are more socially responsible and engaged with local communities
<b>Environment (protect and preserve the local environment and natural resources in the area)</b>	Encourage the use of environmentally friendly products/ services and ethical sourcing processes	Businesses operate sustainably and take greater responsibility for their environmental impact on local communities
	<b>Innovation</b>	Promote environmental stewardship to reduce carbon footprint and CO2 emissions
	Raise awareness of local environmental and sustainability	People live in, work and visit our vibrant and creative town centres
<b>Innovation</b>	Engage suppliers to identify innovative solutions and preventative measures to reduce demand on services and improve resident experience	Proposed supplier initiatives and measures to add social value that is relatively low cost to businesses and high value to residents

Table: Extract from the ORBIS TOMs Framework highlighting the themes and outcomes

Through discussion with colleagues a clear set of measures were agreed against which success may be assessed and each measure is supported by a £ value which will be used to compare tenders and report the additional social value (SVA<sup>6</sup>) delivered on an annual basis across all of our contracts.

### Contacts

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## A BUSINESS CHARTER FOR SOCIAL RESPONSIBILITY

### Haydn Brown, Birmingham City Council

The strategic context for Birmingham's social value agenda first emerged in 2012. The administration pledged to tackle inequality and deprivation, promote social cohesion across all communities in Birmingham, and ensure dignity, in particular for the elderly and children. In addition to this, they also pledged to lay the foundation for a prosperous city - built on an inclusive economy - and to involve local people and communities in the future of their local area and public services.

In April 2013, against the backdrop of the Social Value Act, Birmingham approved three interlinked policies aimed at maximising the social and local economic value it derives from its £1bn a year procurement spend: a living wage policy, the Birmingham for business charter, social responsibility, and a social value policy.

The **Birmingham Business Charter for Social Responsibility** is a set of principles which guides the everyday work of the council. It invites its suppliers (including grant recipients), the business community and other public sector bodies to sign up to the charter. Adherence is mandatory for organisations that have a new contract since September 2013 and voluntary for all others. Whether signed up,

**"The Birmingham Business Charter for Social Responsibility is not only about getting extra value for local people, but also about transforming the way of doing business in the city. In fact, it is about creating a whole new Birmingham way of doing business... It is about employers being an integral part of the communities"**

Councillor Stewart Stacey, Birmingham City Council

voluntarily or otherwise, the charter becomes a contractual term where a contract exists between the Council and the organisation adopting the charter.

Charter signatories are required to provide an action plan which shows how they can improve the economic, social and environmental well-being of Birmingham and its citizens under the six principles of the charter:

- 1 Local employment:** create employment and training opportunities for local people especially in target areas
- 2 Buy Birmingham first:** take account of the social and economic impacts of buying locally when commissioning and contracting, thereby reducing unemployment and raising the skill level of the local workforce'
- 3 Partners in communities:** play an active role in the local community and community support organisations, especially in those areas and communities with the greatest need
- 4 Good employer:** support staff development and welfare and adopt the Birmingham Living Wage within their own organisation and within their supply chain;
- 5 Green and sustainable:** commit to protecting the environment, minimising waste and energy consumption and using other resources efficiently. These commitments will also apply to their supply chain, and
- 6 Ethical procurement:** charter signatories will commit to employing the highest ethical standards in their own operations and those within their supply chain.

Some wards within the Birmingham area have high levels of deprivation, especially when compared to many other areas across the country. This has provided the social value agenda with extra impetus, moving it higher up the policy agenda with cabinet and council members.

As with other areas that have embraced commissioning for social value, this strong political leadership has been pivotal in driving the agenda forward. Further, strategy and award reports reference charter compliance and this provides the governance structure needed to ensure the process is embedded in the commissioning ethos of the whole organisation.

We have developed our own social value toolkit which reflects the four stages of our commissioning toolkit. On commencement of each commissioning exercise, services are reviewed to assess the need, including appropriate service-user and community consultation. This aims to inform, redefine or confirm needs and create opportunities to consider the best service delivery options for the service and the additional social value outcomes that might be derived from the commissioning process.

#### **1 Analyse (assess the need)**

Social value outcomes, in line with council priorities, are considered in the assessment of service need, including potential impacts on other services.

#### **2 Plan (service delivery options)**

Social value impacts are included as part of service delivery options evaluations

#### **3 Do (implement)**

Relevant social value commitments are secured from the tenderer(s) through a procurement process to target required outcomes. Social value questions are included in the specification, with the evaluation criteria (typically > 10%) being sub-weighted against the six principles (proportionate and relevant to the contract). The tenderer is required complete their method statement against the social value questions and their charter action plan.

In March 2016 we updated our approach to implementing the charter by introducing a more proportionate tiered approach. This was done to reduce the process burden on lower value projects and focus on achieving greater social value on larger projects. However, the Birmingham living wage still applies in accordance with the council's living wage policy.

#### **4 Review (monitor)**

The contract manager monitors delivery against the charter action plan as part of the contract review process. An annual report is agreed with the contractor.

In addition to the social value toolkit we have provided guidance documents and delivered social value training to staff involved in, or with responsibility for, commissioning, procurement or contract management.

This ensures that social value is embedded consistently throughout the commissioning process. We have also provided workshops and briefings, both general and contract-specific, for potential suppliers so that they understand the charter and the council's social value requirements.

**There are currently 338 charter signatories. During the last financial year, the Council spent over £500m with charter-accredited suppliers and has generated *substantial additional social value* which otherwise would not have been realised.**

THEME	OUTCOME	EXAMPLES OF METRICS AND MEASURES
<b>Local employment</b>	Increase local employment	How many new jobs (full-time equivalent) will you create?
		How many hours of voluntary work hours will you provide?
		% of staff within 10 miles
<b>Buy Birmingham first (local procurement)</b>	Promote "Buy Birmingham first"	What percentage of your spend will be with suppliers within 10 miles of the point of delivery?
		% of spend with third sector (social enterprises, charities)?
		How many procurement opportunities posted on "Find it in Birmingham"?
<b>Partners in communities</b>	Support community resilience Private sector investment in communities	How many schools supported through, governors, reading, mentoring, career advice, CV-writing?
		What value of spend with social enterprises?
	Residents making socially responsible decisions	Number of community organisations supported
<b>Good employer</b>	Promote fair employment and equal rights	Pay the living wage (Y/N) to employees servicing BCC contracts
		Flexible working hours

THEME	OUTCOME	EXAMPLES OF METRICS AND MEASURES
<b>Green &amp; sustainable</b>	Protect the environment	CO2 reduction (tCO2e)
		Number of individuals in fuel poverty assisted with energy efficiency measures
<b>Ethical procurement</b>	Promote ethical procurement	% of suppliers audited on ethical practices
		% of invoices paid within the terms of the primary contract.

Figure: Extract from the Birmingham TOMs framework used to assess tenders and manage value

There are currently 338 charter signatories. During the last financial year (2015/16) the Council spent over £500m with charter-accredited suppliers, and in doing so has generated substantial additional social value which otherwise would not have been realised.

Previously, suppliers of social care services did not sign up to the Charter due to the requirement to pay the Birmingham Living Wage. However, the council recognised their issues and introduced the Birmingham Care Wage which means that suppliers providing adult social care will now sign up to the charter where appropriate, substantially increasing the number of signatories.

The council is currently undertaking a review of the social value and living wage policies and the charter to ensure they continue to deliver council priorities and maximise social value benefits to our local communities through the contracts we procure - and also from organisations that work in the region.

### Contacts

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## CASE STUDY: APPLYING THE SOCIAL VALUE MATURITY INDEX AT A LOCAL GOVERNMENT LEVEL

### Cindy Nadesan, Orbis Procurement (Surrey and East Sussex Councils)

Orbis<sup>6</sup> Procurement, Surrey and East Sussex County Councils have started on our own journey to embed social value into our systems and processes. We have been developing our strategy and policies over the past year and aspire to be leaders in the field and innovators on certain aspects of implementation.

We have carried out a preliminary assessment against the Social Value Maturity Index <SVMI> explaining where we are and where we want to get to.

A summary of our position is contained in the table below

LEVEL	FOLLOWERS	MATURE	LEADERS	INNOVATOR
Policy & scope			XX	
Internal management			X	X
Measurement		X		X
Commissioning		X	X	
Procurement		X		X
Market engagement			XX	
Contract management		X	X	
Cross sector collaboration		X	X	
Reporting		X	X	
Governance and Accountability			XX	

### Policy & Scope

Table: Orbis Social Value Self-Assessment and Maturity Index (Red X = Now Green X = Future and where you want to be)

### Do you have a social value policy and what is the scope of application?

Social value is incorporated as a key principle within the Councils' procurement standing orders, which outlines our policies in relation to how spend is managed and authorised. Surrey and East Sussex County Councils consider social value for all goods, works and services it procures over a £100,000 value.

In addition, any spend between £15,000 to £99,000 requires a minimum of three quotes, of which at least one is encouraged to be from a locally-based supplier. This process is applied to tenders, contract extensions and frameworks that are set up and managed by the Councils, and is clearly outlined to officers in the procurement approach.

This covers the following areas:

- **Economic sustainability:** we aim to purchase goods, works and services which enhance the local economy. We recognise the importance of small & medium enterprises to the local community and ensure every effort is made to make our contract opportunities and tender processes accessible to them.
- **Social sustainability:** we aim to purchase goods, works and services which promote community well-being, and try to ensure supply chain partners operate fair and ethical working practices.
- **Environmental sustainability:** we aim to purchase goods, works and services which minimise our carbon footprint, encourage a positive impact on the local environment, and have the best value costs and benefits, taking into account their whole lifecycle from origination to disposal.
- **Equalities & diversity:** we only purchase goods, works and services from suppliers who meet our standards of equality of employment and service delivery, and we ensure that the tender process is free from discrimination or perceived discrimination in accordance with the councils' equality policies



- **VCS Compact:** where we are purchasing from the voluntary, community and faith sectors, we must comply with the compact best practice code.

Where we are now: **Mature**

Where we want to be: **Leader**

### Internal Management.

#### How do you manage social value internally within your organisation?

The focus on value is central to the way in which Surrey and East Sussex County Councils operate, and fulfilling the duty of securing best value is business as usual for commissioning and procurement. Orbis Procurement's commitment to achieving the social value ambition is demonstrated by the allocation of a dedicated resource, our procurement improvement officer. The staff member is responsible for developing and implementing the social value strategy for procurement and the role includes:

**People:** engaging stakeholders to raise awareness and improve understanding of social value so as to promote and facilitate collaboration among partners

**Creating value:** ensuring the social value delivered through procurement can be quantified and integrated into the Orbis Value Strategy, through the implementation of a measurement and monitoring framework.

**Integration:** developing tools and guidance to ensure social value is embedded within all procurement activity and becomes business as usual.

Where we are now: **Leader**

Where we want to be: **Innovator**

**Social value is essentially about getting more value for the money we spend and what we measure determines what gets prioritised**

### Measurement: themes, outcomes and measures (TOMs).

#### How do you measure social value and what is the process you use to engage with communities and keep your measures up to date?

Social value is essentially about getting more value for the money we spend and what we measure determines what gets prioritised. Therefore, to further embed social value as part of 'business-as-usual,' a key deliverable of the social value strategy for procurement was to develop and implement a social value measurement framework that would provide:

- A fair and transparent process for social value to be incorporated into tenders over £100,000

- A method that would enable the quantifiable reporting of social value benefits with financial measures

Working with the Social Value Portal, we developed a framework of 40 measures aligned to a framework of themes, objectives and outcomes (our TOMs framework) to support the social value strategy for procurement. The framework allocates financial values to 34 of the measures and facilitates innovation by allowing suppliers to propose ideas for the remaining six measures.

To ensure the social value secured from suppliers has a real impact in the community, a social value marketplace has been recently developed. This online portal was co-designed with businesses, the Councils for Voluntary Service (CVS) and the voluntary, community and faith sector (VCFS).

Where we are now: **Leader**

Where we want to be: **Innovator**

## Commissioning.

### How is social value integrated into the design and commissioning of services?

Prior to the introduction of the Social Value Act, the councils' commissioning and procurement approach incorporated best-practice, such as engaging service users in the design of services, working with suppliers to find solutions to prevention and demand-management and giving due regard to sustainability by awarding contracts based on the most economically advantageous tender (MEAT). The fundamental change following the Act has been less about what was being done but rather more about the way in which it is coordinated and the extent to which it is consistently applied.

With severe budgetary cuts and demand for services increasing, the challenge to deliver more for less is now more the norm than the exception. Procurement's role in the commissioning of services has evolved from providing process-orientated support, focused predominantly on tendering, to providing strategic insight into markets and supplier behaviour. Category strategies which include social value as a tool to deliver non-cashable value have been developed around commissioning priorities which are outcome-focused.

The Social Value Act provides the context in which adopting the mindset of 'the whole being greater than the sum of its parts' can be aptly applied. Working collaboratively across internal departments and sectors to identify synergies increases both the value and impact of initiatives.

So, for example, when commissioning services in one directorate are using spend analysis to uncover similar or related services commissioned by other directorates or partner organisations, such as clinical commissioning groups, this could provide

valuable insight into opportunities for pooling budgets and joint commissioning. Hosting 'concept days,' where commissioners, partners, service users, incumbent and new providers openly discuss service needs, current delivery models and financial and operational challenges, provides greater scope for commissioners and stakeholders to work together, tailoring specifications to ensure statutory requirements are met whilst simultaneously incorporating initiatives which positively contribute to outcomes into service delivery as part of supplier's social value contribution.

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Where we are now: **Mature**

Where we want to be: **Leader**

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## Procurement.

### How do you procure for social value and what is the weighting and score used?

The primary objective for Orbis Procurement is securing value for money in a manner that is compliant with regulatory requirements, so as to achieve the socio-economic goals of our partners.

The process of procurement is therefore structured to adhere to the key principles of fairness, transparency and proportionality. Social value has been incorporated into the design of all aspects of the Orbis Procurement offering, including category management, sourcing and purchasing, contract management, market development and supplier relationship management. Where appropriate, social value is included in all tenders and frameworks over £100,000, with a weighting criteria ranging between 5-10%, determined by the nature of the service commissioned. To ensure consistency and compliance, all spend over £100,000 must be

**Where appropriate, social value is included in all tenders and frameworks over £100,000, with a weighting criteria ranging between 5-10%, determined by the nature of the service commissioned**

approved at a sourcing governance meeting chaired by senior management from procurement, finance and legal departments. Social value is embedded in both the sourcing (pre-tender) and contract award (post-tender) stages. Where no social value has been considered or secured, officers are required to provide valid justification as to why this is the case.

Including social value as a weighted criterion within tenders presents both an opportunity and a challenge. On the one hand, it supports the objective of securing value for money, because existing spend can be used to deliver additional benefits. On the other, in the absence of an established measurement tool, it can create the difficulty of applying a consistent and transparent approach when evaluating tender responses. To address this challenge, procurement has focused on developing a monitoring and measurement framework for social value. It has done this by collaborating with officers in departments across the councils, suppliers offering innovative measurement tools and representatives from the VCFS.

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Where we are now: **Mature**  
Where we want to be: **Innovator**

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## **Market Engagement and Partnerships.**

### **How do you engage with your suppliers, building market awareness and capacity on both private and third sectors including SMEs?**

Partnership and collaborative working are essential to the successful embedding of social value and is a key area of focus for procurement at Surrey and East Sussex County Councils. Acknowledging the value of learning from and sharing best practice, regular engagement events are hosted and attended by officers to promote this culture of networking between sectors e.g.

- **Building local supply chains:** the councils are actively engaged with the local Chambers of Commerce, the Federation of Small Businesses (FSB) and CVS to identify opportunities for economic development and deliver on the commitment to local spend:

Officers regularly attend and speak at chapter events and conferences to raise awareness on social value

Free training on public sector procurement aimed at demystifying the bidding process is available on request to the VCFS, FSB and Chamber of Commerce. This encourages participation from micro, small and third-sector organisations

Online guidance on submitting bids for tenders is available on the councils' e-tendering portal. Tender documentation used by the councils has been approved by the FSB to ensure ease of use for micro, small and medium enterprises

- **Market events:** market-engagement forms a core part of the procurement process for strategic and critical contracts and includes:

Concept days, which involve the input of service users, suppliers and partners in the re-design of services, are held to ensure specifications are outcome focused and draw on the innovation expertise from the market to enable the delivery of services within budget.

Annual marketplace events, focused on building capacity and promoting subcontracting opportunities for local suppliers within the construction sector, are held annually in Surrey and East Sussex and are free to attend to all interested suppliers.

Meet the buyer events are held regularly to provide advance notice of upcoming tenders and engage suppliers to stimulate competition.

Following extensive engagement with VCFSs and businesses in the county, Surrey County Council will be hosting its first social value event on the 28/09/2016 called "We are Surrey". This is a free marketplace event aimed at improving awareness of social value by connecting businesses with their local communities.

- **Supplier portals.** Facilitating networking between sectors is viewed as opportunity for the Councils to stimulate local economic growth. To this end, the following supplier portals have been created and are available free of charge for suppliers to use.

Build Surrey and Build East Sussex: Construction and built environment networks that uniquely gives every construction-related business across the region free tools to trade, find suppliers, create new partnerships, advertise and access other services online. For more information visit <http://www.buildsurrey.net> and/or <http://www.buideastsussex.co.uk>

Supply to Surrey and Supply to East Sussex: these portals signpost contract opportunities from a range of buying organisations in a central location, including Surrey and East Sussex County Councils, the District and Borough Councils, universities and health services. For more information visit <https://www.supplytosurrey.co.uk> and <http://www.supplytoeastsussex.co.uk>

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Where we are now: **Leader**  
Where we want to be: **Leader**

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## Contract Management.

### How do you manage the ongoing delivery of social value?

Social value secured through the tendering process is recorded by procurement using existing project and performance management tools. The initiatives proposed by winning bidders are developed into key performance indicators (KPIs) and form part of the supplier's contractual obligation.

Social value KPIs are monitored by contract managers in line with other service delivery KPIs during performance reviews. As part of a service redesign, Orbis Procurement is currently reviewing the contract management approach across Surrey and East Sussex County Councils. We are seeking to develop a more robust process for contract management. This initiative will provide a consistent approach as to how the delivery of social value is managed throughout contract life and ensure adequate resources are deployed to support suppliers with this delivery, based on the benefits and impact of the social value initiatives.

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Where we are now: **Mature**  
Where we want to be: **Leader**

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## Cross-Sector Collaboration.

How are you working across all public sector organisation within your local area, do you have a common set of TOMs and how do you coordinate procurement

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Where we are now: **Mature**  
Where we want to be: **Mature**

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Social Value is discussed within existing collaborative networks such as the Surrey Procurement Group which meets monthly to share information on procurement strategies and projects and includes representatives from the 11 District and Borough Councils and the County Council. The Councils Social Value priorities are considered within all joint commissioning projects with other public sector organisations and incorporated where it is relevant and proportionate to the goods, works and services being procured.

### Reporting.

#### How do you report progress against targets and are you developing benchmarks?

The process and technology for reporting on social value is currently being developed. Corporate social value targets, which include local spend and employment and skills commitments, are reviewed monthly by senior management and reported to members every quarter.

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Where we are now: **Mature**  
Where we want to be: **Leader**

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### Governance and accountability:

#### How does your organisation manages decision-making and links social value to council or corporate business?

The responsibility for embedding social value across Surrey and East Sussex County Councils sits within the procurement function. Orbis Procurement view the Social Value Act as an opportunity for the public, private and third sectors to work together in partnership in the best interests of residents and communities. The delivery of

social value is an integral part of procurement's customer offering and social value is incorporated as a key theme within the procurement strategy 2014-2018:

"We will deliver additional value for our residents through the way in which we spend money on goods, works and services. This will be done by considering economic, social and environmental well-being in relation to our procurement processes, stakeholder engagement and contract implementation across the supply chain. We will ensure greater visibility and influence over our supply chains, and work with our suppliers to utilise and positively deliver local benefits from public and private sector partners. We will continue to create opportunities for voluntary and community sector (VCS) organisations to become part of our supply chains."

The social value strategy for procurement (2015-2018) builds on this ambition and puts residents at the heart of everything we do. The creation of employment and skills development opportunities and the percentage of local spend are key performance indicators for social value that are monitored and reported on at a corporate level on quarterly basis.

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Where we are now: **Mature**  
Where we want to be: **Leader**

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### Contacts

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**"With the localisation of business rates being implemented over the coming years the importance of the local economy to Councils will greatly increase, therefore providing a greater focus to local businesses through social value is essential"**

Terry Brewer, divisional director of procurement, Harrow and Brent Council

## INTEGRATING SOCIAL VALUE INTO PROCUREMENT, HARROW COUNCIL

**Terry Brewer, divisional director of procurement, Harrow Council**  
**Guy Battle, CEO, Social Value Portal**

### Headline Summary

Harrow Council engaged the Social Value Portal (SVP) to pilot a social value assessment tool on the tender for the renovation and refurbishment of a council property in Harrow. The project was supported as a part of the Cabinet Office as a part of their social value programme<sup>7</sup>.

The Social Value Portal was used to assess the social value of each bid based on a set of measures developed by Harrow.

Each of the nine bidders successfully completed the assessment with offers varying from +3 to +57% (£51,000 to £780,000) social value-add (SVA<sup>8</sup>).

### Key findings from this study include:

- We had a 100% submission rate using the SVP procurement platform from the bidders which shows us that we could integrate social value requirements into normal procurement processes at almost no extra cost.
- Financial weightings are an important signal for suppliers as to what are our priorities
- We could easily develop and use a social value scoring system to measure and compare bids
- Managed well, delivering social value did not add to the core project delivery costs
- The Social Value Portal worked very well for us and we are now looking at how its use may be extended across all of our contracts above £100,000.

### Project Context and Background

Social value is central to the purpose of local government but as government grants are cut, local authorities are having to look at ways to make their money go further. In response, councils such as Harrow have to look at how they can spend more smartly as well as developing deeper relationships with businesses and third sector providers that want to do more for the communities they serve.

Procurement teams find it challenging to identify and highlight specific community needs for different suppliers, as well as measuring and comparing the social value of each bid. All this needs to be done to make sure help is delivered appropriately. We wanted to see if the SVP could help provide social value through the procurement process and to find out the costs and benefits of doing so.

### What was the target?

We chose a renovation project in Harrow to conduct the pilot study. We wanted to install external wall insulation, refurbish the interior, and install electrical services in a council property.

Key steps that the team made to ensure success included:

### Step 1: Council social value policy

The Council's social value policy (approved January 2016) strengthens our ability to achieve benefits from our procurement and commercial activities and standardises our approach to gaining added-value. The policy supports all the council's priorities maintaining a 'golden thread,' with our corporate objectives and setting out the requirements of the council and its inhabitants, from the borough plan to individual procurement packages.

**Our social value policy supports all the council's priorities maintaining a 'golden thread', with our corporate objectives and setting out the requirements of the council and its inhabitants, from the borough plan to individual procurement packages**

**Step 2: Measurement framework**

Working with SVP, the council developed a set of themes, outcomes and measures (TOMs) against which individual tenders could be assessed and were a good fit with the council's plan.

THEME	PROPOSED OUTCOME
<b>Making a difference for families</b>	Outcome: People have the skills and training for work
<b>Making a difference for communities</b>	Outcome: Jobs created or sustained Outcome: Collaborative working with the voluntary and community sector Outcome: People from all backgrounds are respected and treated fairly
<b>Making a difference for the most vulnerable</b>	Outcome: People are supported through skills and employment opportunities
<b>Making a difference for businesses</b>	Outcome: Thriving local businesses Outcome: An effective and resilient third sector Outcome: Businesses are more responsible Outcome: Ethical sourcing practices
<b>Promoting greater environmental sustainability</b>	Outcome: People live environmentally sustainable lives and Business operates sustainably Outcome: People live in, work and visit our vibrant and creative town centres
<b>Business Innovation</b>	Outcome: Other innovative business measures taken to add social value

**Step 3: Tender Evaluation**

Each bidder was asked to propose how they would add social value to their core contract. The ITT made it clear that the council would not pay extra for social value but that it would be scored.

Social value was given a total score of 10% being split 7% SV Score (using the Social Value Portal) and 3% on supporting method statement.

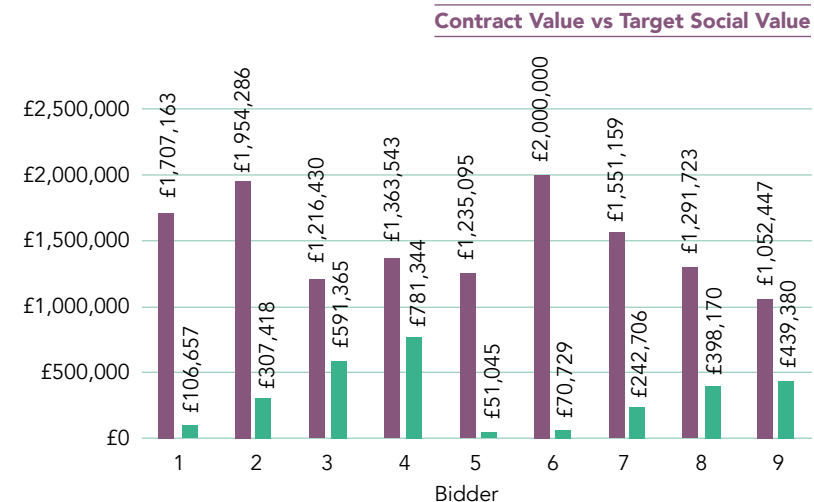
**How did the project generate social value?**

There were nine financial submissions and each bidder also made a social value submission through SVP. Bidders were asked to choose how they would make a contribution against a set of potential opportunities. Social value submissions ranged from +4% to +57%

Social value-add (SVA).

Key observations were as follows:

- The lowest contract price includes over 41% SVA and the highest only 3.5% SVA suggesting that there is no correlation between bid price and the SV offer
- Highest SV proposal (£781,000) ranks fifth in contract price
- The average SVA offer is 25%





**If our success on this project working with the Social Value Portal was replicated across all of our contracts, this could be worth as much as £40m per year ADDITIONAL social value to our community**

### Offers by bidders included

- Employment of 20 people from within Harrow area
- Four new apprentices created or sustained as a result of the project
- 11 weeks for meaningful work experience offered to young people
- Up to 1000hrs of voluntary time offered for local community groups
- Up to 50% of contract value to be spent on local supply chain providers
- 200 hours offered to clean and maintain local green infrastructure

### Key benefits

The key to delivering social value lies in the Council's ability to encourage suppliers to deliver added social benefits at no additional cost while they fulfil their main contract. Incorporating social value into commissioning and procurement process is not difficult but it can make a big difference to people in the community, to the quality of service and help us get more for our money.

The commercial, contracts and procurement team in Harrow built on some of their previous work to include social value ideas and methods in to the procurement cycle. The social value policy was approved by members so we had the backing of policy heads within the Council.

Harrow is now including social value into all of its procurements and will look for additional social value benefits in all procurement spend over £100,000. We now have a social value officer who will be focused on managing the implementation of social value. In addition, the procurement officers are being given relevant SV training so that they can understand the opportunities and requirements of the approach being adopted.

Key additional impacts that are expected to arise from embedding social value into procurement processes at Harrow include:

- Encouraging a diverse base of suppliers
- Promoting fair employment practices
- Meeting targeted recruitment and training needs
- Providing community benefits
- Ethical sourcing practices
- Promoting greater environmental sustainability
- Improving council economic sustainability

### What has been learnt?

#### Key findings from this study include:

**Make it easy to deliver.** Like most other councils we have downward pressure on our resources, and as a result we recognise the need to make the integration of social value into our processes as cost effective as possible. A number of key steps have been taken to minimise the officer time as follows.

- Minimum spend threshold: a £100,000 threshold below which SV is only considered in broad terms and is not scored.
- Pre-approved measures: a single set of social value measures (TOMs) to be used by officers in ALL contracts over £100,000 as part of our SVP. Now officers don't have to decide which TOMs are relevant every time.
- Tender Preparation: a standard set of clauses that will go into all projects over the threshold.
- Point of contact: a single officer who takes care of the TOMs and can ask questions to suppliers.



- Submissions: the SVP was used to manage the measurement of the SV submissions and help us understand them. It made it quicker to complete the bid.
- Adopt social value portal for bid assessment: about an extra half day is required to assess and score the SV submissions minimised through using the Social Value Portal

**Evaluation.** All bidders successfully submitted their bids using the SV Portal with few problems. The scoring system used worked well in bid evaluation and has delivered what we need.

**Core project costs.** The submissions made by the bidders showed that they did not generally add additional expenses to their bids to cover their social value scores. This was made a clear condition within the ITT and moving forward this would seem to suggest that there may be an upper limit of the SV weighting to ensure that sophisticated bidders do not 'game' the process.

We suggest the following further steps:

- Make it clear that the Council is not looking to pay any additional costs for social value-add (SVA)
- Set the scoring high enough to ensure that SVA was sufficient to be an incentive, but not so high that a supplier would add costs to their bid.
- Make sure the service you are tendering for won't be negatively impacted by having too high a weighting for social value.

### Who can I contact?

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**Further information or links**  
**[Harrow Social Value Policy](#)**  
**[www.socialvalueportal.com](http://www.socialvalueportal.com)**

## INTEGRATING SOCIAL VALUE INTO PROCUREMENT, HALTON BOROUGH COUNCIL

Lorraine Cox and Elaine Roberts-Smith, Halton Borough Council

### Headline Summary

Halton Borough Council was one of the first local authorities to participate in the health and social value programme, a three-year programme funded by the Department of Health, designed to support the implementation of the Public Services (Social Value) Act, 2012.

The aim was to help the council commission for social value, identify and bring together key officers at senior level across the authority, clinical commissioning group, VCSE sector and wider partners. The intention was for them to do things differently - with procurement as the driver.

### Project Context

The council decided to take a joint approach and adopted Halton's sustainable community strategy and Marmot<sup>9</sup> priorities to bring about improved social, economic and environmental wellbeing.

To complement our strategy, we developed the following supporting documentation:

- Social value policy
- Social value procurement framework
- Social value charter

For each supplies, services and works procurement opportunity above £1,000, Halton undertakes a social value opportunity assessment to identify output indicators and outcomes to be included in the procurement.

- Output indicators and desired outcomes are linked to the sustainable community strategy and Marmot priorities.
- There needs to be relevant, transparent and proportionate outcomes for each procurement opportunity.
- We design a specific social value outcome for each contract let. We might choose to encourage innovation over specific outputs or outcomes.
- Social value outcomes, where specified, form part of the award criteria, are built into contracts and closely monitored.
- Social value weighting must be proportionate to what is being procured, typically between 5-20%

Up to July 2016, we have applied social value to 18 procurement opportunities of different values with weighting up to 20%.

### How did we generate social value?

Using the local sustainable community strategy and the Marmot Priorities as a framework for approaching social value, this has strengthened the understanding between both providers and commissioners, producing excellent outcomes and attracting national attention.

More recently we have started to apply and explore further financial measurement in respect of social value to some of our contracts in addition.

## Case study example:

Halton recently tendered and let a contract for an 'early help, employment, debt and benefits service'. The contract duration was for 2.5 years with a targeted annual spend of £66,000/year.

Bidders were told that the weighting for social value would be 20% of the overall score and we included a specific social value question within the tender requirements as follows:

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*The council would like to establish a voluntary agreement and measure any benefit through the application of Key Performance Indicators, as we believe a contract or service of this type has the potential to deliver Social Value and Community Benefit*

How would you contribute to the Halton's sustainable community strategy priorities:

- A healthy Halton
  - Halton's children and young people
  - A safer Halton
  - Employment, learning & skills
  - Environment & regeneration
- 

## Contact

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## Further information

**Social Value Policy: Social Value Policy Final - Sept 2014 (3).pdf**  
**Social Value Procurement Framework:**  
**Social Value Procurement Framework V8a 23-06-16.docx**  
**Social Value Charter ://modern.gov.halton.gov.uk/documents/s38067/**  
**ExecB3Sept15%20SocialValueAppend.docx.pdf**

The winning bidder achieved the maximum score for social value and the service commenced October 2015. Within the first six months of monitoring, significant social value had been achieved including

<b>OUTPUT</b>	<b>VALUE</b>	<b>TOTAL</b>	<b>TOTAL SOCIAL VALUE</b>
<b>Number of senior management staff hours donated to support local community groups and partnerships</b>	£30	163	£4,890
<b>Number of volunteering opportunities created for parents with young children to their employability</b>	£1,700	4	£6,800
<b>Number of training opportunities created with young parents to increase their employability</b>	£2,800	5	£14,000
<b>Number of service users fast tracked to more specialist HCAB provision outside the contract</b>	£ debt written off	42	£111,064
<b>Number of support sessions providing advice on shopping on a budget</b>	£14	7	£98
<b>Average savings/quarter</b>	£240	7	£1,680
<b>Addition income secured for families</b>	£		£135,766
<b>Number of safety assessments undertaken</b>	£100	10	£1,000
<b>Number of volunteers recruited</b>	£2,800	8	£22,400
<b>Number of clients diverted from self harm or suicide</b>	£1,500,000	1	£1,500,000

## INTEGRATING SOCIAL VALUE INTO PROCUREMENT AT BURY COUNCIL

**Peter Schofield, Association of Greater Manchester Authorities**  
**Guy Battle, The Social Value Portal**

### Headline Summary

Barclays was recently awarded the financial services contract by Bury Council as a part of an Association of Greater Manchester Authorities (AGMA) financial services framework.

The pilot study aimed to assess how The Social Value Portal could be used to set targets and measure social value (SV) for a framework contract after award.

Key headlines from this study include:

- The project unlocked an additional **+80% social value** for Bury at no additional cost
- The process required Barclays to make **a specific and quantifiable** commitment and encouraged them to consider what extra they could do to help Bury.
- SVP was **simple to use and helped to unlock real additional benefits**.

### Project context and background

Barclays was previously engaged by Bury through the AGMA financial services framework. Social value had been offered, but no specific targets proposed. The overall aim of the project was to set the social value targets for the Bury financial services contract and to test the Social Value Portal as a means of measurement, setting targets and ongoing management of the project.

### What was involved?

Key tasks that the team delivered were as follows:

#### Step 1 - Develop themes outcomes and measures (TOMs) framework.

AGMA had previously developed a generic TOMs framework. SVP worked with them and Bury to fine-tune it, to ensure they were valid, understandable to business and relevant to the financial services contract.

THEME	PROPOSED OUTCOME
<b>Promote employment &amp; economic sustainability</b>	Outcome 1: More local people in work Outcome 2: Thriving local businesses Outcome 3: Responsible businesses that do their bit for the local community
<b>Raise the living standard of local residents</b>	Outcome 4: A local workforce which is fairly paid and positively supported by employers
<b>Promote participation and citizen engagement</b>	Outcome 5: Individuals and communities enabled and supported to help themselves
<b>Build capacity and sustainability of the voluntary and community sector (VCS)</b>	Outcome 6: An effective and resilient third sector
<b>Promote equity and fairness</b>	Outcome 7: Vulnerable and isolated people are better supported Outcome 8: A reduction in poverty, health and education inequalities Outcome 9: Acute problems are avoided and costs are reduced by investing in prevention.

THEME	PROPOSED OUTCOME
<b>Promote Environmental Sustainability</b>	Outcome 10: We are protecting our physical environment and contributing to climate change reduction
<b>Promote and Support 'Social Innovation'</b>	Outcome 11: Society benefits from innovative activities developed by Business

### Step 2 - Mock Bid.

A mock tender was used to assess the value of Barclays potential contribution and to allow public sector coverage targets to be set. Barclays submitted their 'tender' on the portal.

### Step 3 – Set Targets and Report.

After submission, targets were agreed between Barclays and Bury Council during a half-day workshop. These bring an additional 80% value to the existing contract. We will use the contract management tool for ongoing reporting or project progress.

### How did the project generate social value?

Barclays identified over £400,000-worth of additional community value they could offer, delivering over +80% SVA<sup>10</sup> over a period of five years

Key opportunities identified

- 15 opportunities for work experience placements
- 20 apprenticeships created
- Digital support to 1,000 business start ups
- 675 hours voluntary efforts for vulnerable people in the community
- 15 events held to help give local older people access to digital technology.

Key lessons learned

- Make sure the measures developed are clear and concise and make sense to the supplier in order to avoid confusion
- Local authorities need to make it as easy as possible for business to get involved
- Most businesses are keen to engage with communities and look to 'give' as much as possible in order to strengthen the customer relationship
- Going through the process allowed us to build deeper and more productive relationships with our business partners.

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## DELIVERING BETTER BUSINESS VALUE

**Alison Symmers, head, Willmott Dixon Foundation**

### Headlines

When Willmott Dixon started work on an extensive make-over of Robin Hood Chase in the heart of St Ann's community in Nottingham, delivering added social value was something the company was keen to do. As a result of their work, over 70% of the project's budget was spent locally, 72 students gained work experience which helped them find jobs, and a local boxing gym supporting troubled youngsters gained a new home.

### Context and Background

Supporting local communities has been part of the company's ethos since it was founded in 1852 and the Willmott Dixon Foundation was established to guide and focus the social and community activities of its businesses.

In 2015 Willmott Dixon, in partnership with ASRA housing, Nottingham City Council and a private investor, built 45 self-contained apartments for the over 55s and people with disabilities, on the site of a former health centre, shops and flats. The project focussed on a key area of local social need, and the company complemented the bricks and mortar with a programme of activities to support the local community.

### What was involved?

Willmott Dixon began by consulting local stakeholders to identify the biggest community needs. As a result, they focussed their efforts in the following areas:

- New contracts for local businesses,
- Jobs, employment and skill-building for local people,
- Inspiring local youngsters, particularly those in danger of getting into trouble

### Work for local businesses:

Willmott Dixon held 'meet the buyer' events and made direct contact with local businesses to find supply chain partners. As a result, they were able to spend over 70% of the project budget within 40 miles and 98% within 75 miles of the site. Of the 32 supplier companies used, 28 were local and one of the biggest contracts (at nearly 20% of the total spend) went to a company just 28 miles away. But they also made a point of using the local shops and retailers. The site workforce got their lunches from the café in the local community centre and the local Caribbean shop was the source of many edible treats for the team.

### Jobs and skill-building for local people:

Willmott Dixon helped provide paid work opportunities for local people through work-based placements and direct employment. One local man they took on as a labourer has now been promoted to assistant build manager on another of the company's sites. They appointed a surveyor from Carlton, just around the corner. Their supply chain also employed local people to help with the build.

### Future work opportunities:

A key success of the project was that Willmott Dixon provided local people with future work opportunities. Willmott Dixon approached local colleges offering work experience and the opportunity to gain a CSCS card to over 50 students. Once the students' work placement periods were over, they were able to use their new experience and a reference from the company in looking for work – a great feeling of pride for the site team is that all of them were successful.

### Opportunities for long term unemployed.

Willmott Dixon gave a further 35 work-based placements to local unemployed people identified through Nottingham City Council Employment Hub– not only were they able to gain valuable skills either on the building site or on the site's allotment project, but they were also given a reference and most have also since found employment.

### **Inspiring local youngsters.**

Willmott Dixon provided work-based placements for 22 college students. Part of their placement involved redecorating a community café as part of Sneinton tenants' outreach programme.

A key strand of the Willmott Dixon Foundation's strategy is 'tackling social exclusion'. So the company sought ways to help some of the troubled young people in the local community. Nottingham Boxing Club ('Switchup') is a fantastic organisation, which helps give young people in danger of becoming gang members a sense of purpose and self-worth. Willmott Dixon was able to help the club gain new premises and also provided three young people with work experience and a reference which subsequently led to all of them getting jobs.

Willmott Dixon also invited local schools and community groups to produce images highlighting safety on construction sites for our Hoarding Competition – which won the runner-up prize in the 'Ivor Goodsite' competition.

### **Support for local causes.**

Willmott Dixon sponsored a community event for SATRA (St Ann's Tenants Residence Association) and the Christmas food hamper in partnership with SATRA's food bank. They also renovated an allotment and constructed the foundations of a straw bale building which has now been opened as a community centre with outdoor activities for St Ann's Heritage Gardens.

### **How did the project generate social value?**

Willmott Dixon supported the local economy by procuring and employing locally. They provided work experience for nearly 100 young people, enabling them to get their CSCS cards, and providing them with references. As a result, many of these young people now have jobs.

Willmott Dixon also provided considerable support in terms of labour, expertise, and cash donations, to local organisations dedicated to supporting the local community.

#### **Key benefits**

- 70% of contract value spent locally (28miles) and 98% within the region
- Local workforce encouraged to spend locally
- Jobs and skill-building for local people
- 35 work-based placements to local unemployed people
- Provided work-based placements for 22 students
- New facilities for local boxing club
- Sponsored a community event for SATRA

### **How did it benefit Willmott Dixon?**

Community investment is a key factor for many of Willmott Dixon's clients, particularly since the introduction of the Social Value Act. So its continued expertise is vital in helping the organisation remain competitive. But the benefits of its social value work extend far beyond this. Their annual staff survey demonstrates the importance of community investment work in engaging and retaining its employees – many cite the community work that Willmott Dixon does as being one of the best things about working there. And delivering community investment not only provides skills to members of the community, it's also an important way in which employees can learn skills fundamental to the future of the business, such as communication, planning and leadership.



## Key lessons learned

Willmott Dixon works with local stakeholders and tailors community investment activities to support the specific needs of the local communities, in this way supporting the vision of the local authority area and at St Ann's, this approach worked successfully. Their next step is to make sure that they share learning across the business so they are now looking at developing a suite of common materials and formats for a more national approach to their programmes, which their local teams can tailor. The company also continues to seek ways of delivering national initiatives in partnership with local stakeholders. For example, they are one of the early supporters of the Youth Justice Board's 'turn around to work' initiative which each of the company's businesses is delivering across the country in the most appropriate ways for their areas.

Willmott Dixon developed bespoke programmes for St Ann's. This approach worked well, but the company is now considering also developing a set of longer-term programmes, which will provide a more consistent approach across all projects. For example, the evaluation of their community work at St Ann's has led them to consider developing a series of materials for long-term unemployed people. And the success with the boxing gym has been replicated with establishments other in areas. Key to the success of the company's programmes is the engagement of its people, and having a single point of contact for the local community worked very well on two levels: – firstly for the local stakeholders who had someone local and knowledgeable to direct their questions to, and secondly, in terms of encouraging and motivating the site teams to go above and beyond. The company has continued to take this approach with support from regional community managers.

The company's high local spend was achieved through a combination of direct approaches to local suppliers and 'meet the contractor' events which Willmott Dixon



organised. The company is now considering establishing a way of ensuring that its tier 1 supply chain partners have the same commitment to adding social value as they do.

Most companies concerned with delivering social value report their efforts in terms of outputs – numbers of apprenticeships, for example, or work experience hours. Willmott Dixon believes this approach encourages a superficial approach to delivering social value. They have learned that initiatives targeting those in the most difficult circumstances have the greatest impact. However, these are generally the most resource-intensive. In order to increase understanding of the relative impact of various interventions, they continue to seek better ways of recording and expressing the impact their initiatives have. They are exploring these issues with their clients at the outset to ensure measures are developed that are clear, reflect the differing impact levels and also recognise their genuine commitment to social value (something which they feel this toolkit will support). They are also looking at ways to record the longer-term impact on individuals and communities – well after they have completed and handed-over the building.

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## SOCIAL VALUE AND INFRASTRUCTURE: THE JOURNEY SO FAR

### Liz Holford, director, supply chain development, Supply Chain Future

When London's new East-West Elizabeth Line opens in 2018, the Crossrail construction programme will have left behind a legacy footprint of over 400 apprentices learning, 10,000 people trained at the tunnelling academy and over 4,000 job starts by local or previously unemployed people. Elsewhere in the city, Thames Tideway, Network Rail Thameslink Programme and a raft of smaller developments are working to deliver similar social value objectives.

In the wider UK, HS2 Ltd is already passing robust socio-economic and diversity requirements through to their supply chains and the Scottish and Welsh legislatures are developing tailored approaches to achieve maximum social value from any public sector spend.

These programmes are capitalising on the learning of previous large infrastructure programmes to deliver social value, or "community benefit" as it used to be called, including from the East London line, London 2012, Glasgow 2014 and schools, hospital and other construction programmes across the UK.

In most cases, socio-economic objectives are integrated into programmes from the outset, driven by client policy or planning imperatives and underpinned by leaders and teams wanting to "do the right thing" and spread the benefits of infrastructure spend to communities around them.

As a result, in 2016, we can see a set of social value objectives, a selection of methodologies for setting targets and options for delivery that are proven to deliver win-wins-wins for clients, contractors and communities. There is no reason why any infrastructure project should not explicitly work to deliver social value.

Challenges, however, remain.

Companies are getting better at **measuring and reporting** social value, but the robustness and scope of data and information collected is variable and use of different definitions makes accurate benchmarking tricky. New tools, such as Social Value Portal, are helping to address this.

A particular challenge is that even where, for example, a greater than average number of women and people from other under-represented backgrounds enter the workplace as new recruits and apprentices, companies struggle to monitor and report diversity data and impact. This doubtless relates to wider challenges that the sector has around **inclusivity**, and that are being addressed by the CITB/ CECA Fairness, Inclusion and Respect (FIR) in Construction programme and others.

The **engagement of supply chain members below tier one** (the main contractor) is variable. They don't necessarily understand how they can contribute or report the good work that they might already do. Collaborative programmes such as the Supply Chain Sustainability School are helping build knowledge and capability to overcome this.

From a country-wide perspective, **targeting social value activity by "local" area can ignore greatest economic disadvantage.**

Firstly, planners in areas of lesser economic need appear far more stringent in the "local" employment, training, skills and supply chain targets that they impose on developments than peers in areas of greater need.

Secondly, setting "local" targets (for example within small Council boundaries) risks ignoring the need of more disadvantaged communities not counted as "local", even

when they are located close to commuting or servicing distance of developments. Thirdly, people and businesses located some distance from major developments might still want to work on them. This issue should, perhaps, be better discussed and addressed as it might be re-enforcing economic disadvantage between areas; one of the main public policy issues thrust into the spotlight by the result of the EU referendum.

### Contact

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## INTEGRATING SOCIAL VALUE INTO PLANNING

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**Guy Battle, CEO, The Social Value Portal**

### Headline Summary

As local government grants get cut, by 60% on average between 2012 and 2017<sup>11</sup>, local authorities are looking at how they can make their ever-reducing budgets go further.

The Public Services (Social Value) Act 2012 has the potential to help councils mitigate this somewhat. It requires all public sector bodies to consider social value within their commissioning and procurement processes, and provides a unique opportunity for the public sector to achieve this goal by promoting partnerships that unlock added social value with their supply chain and other local businesses. Within this context, building owners, occupiers and development teams can add significant value to society through building design, construction, operation and occupation by considering the broader social value that a development can create within its local community.

This study which was supported by Legal & General Property and The British Council of Offices, shows that opportunities to deliver significant additional social value to communities are presently being lost due to a misalignment between a local authority's social value objective and their Section 106<sup>12</sup> planning requirements. Our findings indicate that this opportunity loss amounts to between £15-20bn of value annually across England and that there is a clear case for rethinking the manner in which developers and planners negotiate the terms of their S106 agreements.

**Our findings indicate that this opportunity loss amounts to between £15-20bn of value annually across England and that there is a clear case for rethinking the manner in which developers and planners negotiate the terms of their S106 agreements**

**Here are Social Value Portal's recommendations:**

- S106 negotiations should focus more specifically on community outcomes rather than just cash contributions;
- Community outcomes should be valued against a social value framework (TOMs framework) alongside any cash contributions made by the developer;
- Planners and developers should be open as to which is best placed to most effectively deliver these outcomes which could also include a third-party provider
- Planners should take into account potential value creation during the whole life cycle of the building; landlords should consider how they can unlock this opportunity through inclusion of clauses within their tenancy agreements that include a requirement for the occupier to make their 'best endeavours' to engage with the community through their own community outreach programmes
- Councils should find out what their communities want out of any S106 agreement process. The best way to do this is to develop a community social value charters and TOMs<sup>13</sup> framework so local priorities are identified and met

**Project Context and Background**

At present 'social value' is not specifically mentioned within the planning process although it could be considered an underlying and driving principle behind Section 106 agreements (S106) and the Community Infrastructure Levy (CIL).

Both S106 and CIL obligations were designed to directly benefit the local community by either mitigating adverse impacts (S106) or by filling gaps in existing infrastructure (CIL). They generally require developers to make either a financial contribution or to deliver solutions to known adverse impacts, such as new traffic lights to solve a predicted congestion issue.

Often the S106 obligations are extended to cover issues such as percentage spend in the local area and the creation of jobs. But for the most part, the S106 negotiations remain a way of 'fixing problems' rather than 'creating opportunities' and the local community is seldom specifically consulted regarding their needs before they are designed.

As a result, S106 requirements remain a significant area of conflict between local authorities and developers, with most councils focused on gaining the highest financial contribution that they can justify, and many development teams fighting to pay as little as possible.

So we conducted a study to assess whether the introduction of a social value framework could unlock this lost value by encouraging all parties to focus on social value. We focused on the value created by the development throughout its lifetime rather than just the immediate adverse impacts.

**Case Study – 245 Hammersmith Road**



Figure: Proposed development by Legal and General at 245 Hammersmith Road

**"Section 106 requirements remain a significant area of conflict between local authorities and developers, with most councils focused on gaining the highest financial contribution that they can justify, and many development teams fighting to pay as little as possible. Ironically, the only real losers in this conflict is the very community that is meant to benefit"**

A detailed social value assessment of a new development by Legal & General Property at 245 Hammersmith Road (245 HR) was conducted. The work was carried out in collaboration with the design team, contractors and relevant officers from the London Borough of Hammersmith and Fulham (LBHF).

The assessment was based on series of themes, outcomes and measures (TOMs framework) which reflected local needs with a financial equivalent value placed against each measure

<b>THEME</b>	Overarching principle that a Council is looking to deliver
<b>OUTCOMES</b>	The social outcome that a council is looking to achieve
<b>MEASURES</b>	The means by which a council measures delivery of the outcome against targets
<b>VALUE</b>	Equivalent financial value (fiscal savings + economic benefit + social wellbeing)

And where the total social value in pounds is calculated as the sum of the number of measures delivered x the financial value.

For details on how to create your own TOMs framework see page 10

The TOMs framework used for 245 HR was based on good practice and developed in consultation with the LBHF. A summary of the TOMs framework is shown below.

THEME	OUTCOMES
<b>Economic Considerations Jobs, Growth and Financial Resilience</b>	<ul style="list-style-type: none"> <li>People have the skills to find work</li> <li>All young people have opportunities to achieve their ambitions</li> <li>Local business and charities are supported to be more resilient</li> <li>People achieve financial security</li> </ul>
<b>Social Considerations Safer and Stronger Communities</b>	<ul style="list-style-type: none"> <li>All LBHF communities feel they are valued and are part of their neighbourhoods</li> <li>Crime reduced</li> <li>People are healthier, for longer</li> <li>Vulnerable children and adults get support and protection</li> <li>Older, disabled and vulnerable people can live independently and have control over their lives</li> <li>LBHF residents have more opportunities for better quality homes</li> <li>An effective and resilient third sector</li> </ul>
<b>Environmental Considerations Cleaner Streets and Green Neighbourhoods</b>	<ul style="list-style-type: none"> <li>People live in, work and visit our vibrant and creative town centres</li> <li>People take greater responsibility for their neighbourhood</li> </ul>

Table: TOMs used to assess the social value of 245 HR

**The social value opportunity on the project amounts to more than £300m over a 30 year the life time of the building**

**A full life-cycle approach was taken and potential impacts were divided into three stages.**

- Material sourcing and manufacture: where are materials and products sourced, and how may these be optimised to enhance value especially for the local planning authority?
- Construction: How can local suppliers and labour be maximised, and what community activities could contracting teams to deliver community value?
- In-use: how does the building through its occupation phase contribute to improving the local area and how can occupiers be encouraged to engage with local issues in order to improve their own CSR or community engagement programmes?

In measuring the social value of the project the analysis focused on the added benefits (social value-add, or £SVA) that will be delivered by the development above and beyond business as usual.

Two principle scenarios were identified as follows:

- Business as usual (BAU): what would normally be expected based on good practice (i.e. better than minimum requirements)?
- Stretch target: what could be delivered above and beyond BAU, but requires a specific change of policy or additional resources to deliver? Figures used in this assessment have been based on informed assumptions and what is deemed 'possible'.
- Social value-add (SVA): The potential additional social value accruing from the project being the sum of the difference between BAU and stretch and arises as a result of the approach taken by the developer, its contractors, the building management team and the tenants.

Where: (£SVA) = (Stretch Social Value Target (£SVT) – £BAU)

Examples of BAU and stretch targets for different aspects of the building life cycle are illustrated in the table below.

EXAMPLE	ITEM	MATERIAL SOURCINGS	CONSTRUCTION	OCCUPATION
Local sourcing	BAU	10% sourced locally (S106)	15% Local Employment	5% local employment
	Stretch	20% sourced locally	25% Local Employment	20% local employment
Embodied carbon	BAU	0% embodied carbon savings	0 positions for people with disabilities	0 hrs/person/year Community Engagement
	Stretch	20% embodied carbon savings	Two positions for people with disabilities	20 hrs/person/year community engagement

Table: Example BAU and stretch targets for materials sourcing, construction and operation

**Results**

Headline results are as follows:

- 1 Total social value-add:** At present significant opportunities to unlock SVA are being 'lost' due to a lack of understanding of how SVA is measured and created. For 245 HR, which is still in the planning stages this opportunity could equate to an additional £78m SVA over seven years of occupation and more than £300m over a 30 year period.

SVA is generated through every stage of the building life cycle through the choices made about materials sourcing, employment decisions, environmental considerations, building management solutions and occupier's engagement programmes (CSR)

ITEM	MANUFACTURE	CONSTRUCTION	SECTION 106	BUILDING MANAGEMENT (ANNUAL)	OCCUPIERS (ANNUAL)	VALUE (2YRS CONSTRUCTION + 7YRS LEASE)	VALUE (2YRS CONSTRUCTION + 30YRS LEASE)
<b>Business as Usual</b>	£491,618	£111,309	£1,000,000	£221,727	£7,584,367	£56,245,590	£235,785,768
<b>Stretch Target</b>	£4,916,182	£2,187,346	£1,000,000	£1,137,65	£16,902,187	£134,382,417	£549,298,768
<b>Social Value Add (SVA)</b>	£4,424,563	£2,076,037	£0	£915,927	£9,317,819	£78,136,827	£313,513,000
<b>SVA as a % Development Costs</b>	5%	2%	0%	1%	10%	85%	343%

Table: Summary of social value contributions by 245 Hammersmith Road to the London Borough of Hammersmith and Fulham

- Life-cycle analysis:** SVA is generated through every stage of the building life cycle through the choices made about materials sourcing, employment decisions, environmental considerations, building management solutions and occupier's engagement programmes (CSR).
- Manufacture and construction:** it matters significantly where materials and labour are sourced during manufacture and construction. The design team and contracting team should collaborate to maximise these local opportunities through 'meet the buyer' events, to make sure area SMEs can show what they have to offer.
- Occupation:** when considering the total life cycle of the building, it is the occupier(s) who can make the largest difference. Although this is not in the control of the development team, it is clear that the building manager has a significant opportunity to facilitate this opportunity.
- Building management.** The building management team can have a part in choosing how they award ongoing services contracts and in can help occupiers focus on their community and CSR activities, deciding what matters.
- Section 106:** the S106 contribution for 245 HR is £1m, but this is dwarfed by the potential contribution that could be made by an engaged building management team and an effective community programme.
- Social returns:** the social value add per annum for 245 HR is comparable with expected annual rental returns for LBHF and could be used as a measure of success.

Our case study for Legal and General shows that it is possible to deliver significant additional value to society through improved procurement practices during manufacture and construction stages.

ITEM	MANUFACTURE	CONSTRUCTION	BUILDING MANAGEMENT (ANNUAL)	OCCUPIERS (ANNUAL)	VALUE (2YRS CONSTRUCTION + 7YRS LEASE)	VALUE (2YRS CONSTRUCTION + 30YRS LEASE)
<b>Additional Value</b>	£4,424,563	£2,076,037	£915,927	£9,317,819	£78,136,827	£313,513,000
<b>Social Value Added £/sq.ft</b>	16.77	7.87	3.47	35.32	296.19	1,188.43

Table: Social Value Add (£SVA/sqft Net Internal Area) for 245 HR

### Could development do more?

One of the key questions that this case study sought to address is whether it is possible for development to do more without impacting project viability or increasing the complexity of the planning process.

Our case study for Legal and General shows that it is possible to deliver significant additional value to society through improved procurement practices during manufacture and construction stages. This while ensuring building managers focus on local sourcing and through occupier 'buy local' and community engagement programmes. If managed properly, this will not add capital cost.

**It is likely that present procurement and management practices will need to be adapted by including social value as a bid requirement for all tenders and requiring all suppliers to have a social value strategy, but the prize is significant and if these values were to be replicated across all new development in England and Wales this would amount to an additional £15-20bn SVA/annum<sup>16</sup> The represents a significant contribution to reducing the impact of public sector cuts.<sup>17</sup>**

### Lessons learned

This case study has shown that significant social value remains either unaccounted for or 'lost' due to a lack of understanding as to how value is both created and measured, and that the social value of a development is likely to be significantly larger than any potential S106 contributions.

The research also indicates that it should be possible to deliver additional social value at no additional capital cost. However, there may be impacts on programming and procurement processes both for the construction contracts and throughout the building management contracts. In addition, delivery of social value would be improved even further through the use of 'best endeavours' clauses to engage occupiers.

For 245 HR where the total S106 contribution was £1m but the potential SVA over 30 years is £300m it would seem worthwhile for LBHF<sup>18</sup> to explore how it could swap cash contributions for SVA delivered by the new development where the potential trade over 30 years is 300:1.

But to achieve this it is essential that both developers and planners agree that the primary beneficiaries of S106 should be the local community and that negotiations should focus on community outcomes over the lifetime of a development rather than cash contributions



**Planners have a key role to play in unlocking social value in development and should work with the council procurement teams to develop a common set of TOMs that reflect local needs and use these to expand S106 negotiations based on shared social outcomes and community need**

This will lead to a win-win situation for all, as developers and building owners are encouraged to get more involved with the local communities, resulting in a stronger community, better asset performance, and potential cost savings to the local authority.

### Top Tips

#### **For planners:**

planners have a key role to play in setting the basis for negotiations and they should encourage developers to consider lifetime impacts. As the principle guardians of community interest, it is right that they remain wary of unscrupulous developers who want to get away with paying less. However, in doing so they should not penalise development teams that want to take a long-term and proactive view around community engagement. Planners should work with the council procurement teams to develop a common set of TOMs that reflect local needs and use these to expand S106 negotiations based on shared social outcomes and community need.

#### **For developers:**

there is a clear business incentive for developers to look at how social value may be included within their regeneration strategies. This way, benefits will accrue in a number of areas. These might include the facilitation of planning approvals and S106 agreements, a more supportive community and an enhanced reputation for business.

Some will be concerned that this will add yet more cost and complexity to the development process. However, as the case study indicates, adding social value can be cost-neutral and may in some cases improve viability by leveraging the value of existing community initiatives (CSR) rather than paying for new ones. Developers should also ensure that social value is embedded into all contracts with design teams, contractors, building managers, agents and occupiers.

**Occupiers are an essential part of the community with a massive role to play in making their communities better and more vibrant places to work and live - and this is central to the debate around social value**

#### **For occupiers:**

Many occupiers have a tendency to view themselves as 'temporary residents' within the community with no specific agency to engage locally. This is plainly unsustainable and our analysis reveals the obvious: that occupiers are an essential part of the community with a massive role to play in making their communities better and more vibrant places to work and live. While very few letting agents would advise their client occupiers to sign up to a lease that requires community engagement, occupiers should be encouraged to sign up to a 'building social value' charter<sup>19</sup> that includes a 'best endeavours' clause to encourage occupiers to develop policies into their procurement and supplier decisions and a community outreach programme. Lawyers will also have a key role in ensuring that such measures are not redacted during negotiations.

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## Further Reading

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### BRIDGING THE GAP: A SUITE OF DOCUMENTS UNLOCKING THE SOCIAL VALUE ACT FOR YOUR ORGANISATION

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Public organisations up and down the country are finding out they can get more for their communities, local businesses and the environment. And savvy companies that work with and for councils and other public bodies are seeing the benefits of providing services, amenities and advice above and beyond the particular contracts they are working on – for their reputation and their employees' wellbeing.

It's called social value, and thanks to recent legislation it has the potential to deliver more than £8bn of extra benefits to local authorities through regular procurement and another £3.6bn by including it capital projects spend.

This document, which provides context and case studies from procurement experts is one of a suite of documents we call Bridging the Gap.

They are full of tips, tricks and how tos which will have you up and running in no time.

In addition to what you are reading now, we wrote a super-brief summary about why you and your colleagues should be excited about the Social Value Act and a how-to primer for the <SVMl> tool.

Together, these provide a generous introduction to the subject area, Along with the <SVMl> tool, they should be more than enough to get you started, whether you are a public body looking to improve the lives of your residents, or a company hoping to use social value to win more work and boost your reputation.

All our documents are totally free to download and the tool is free to access.

Please visit [socialvalueportal.com/social-value-taskforce](https://socialvalueportal.com/social-value-taskforce) for more info.

## Notes

<sup>1</sup> The Public Contracts Regulations 2015

<sup>2</sup> Most Economically Advantageous Tender

<sup>3</sup> Not in education, employment or training

<sup>4</sup> Social Value Combines 'Fiscal Savings' and 'Economic Benefits' as per Unit Cost Database

v1.4. Ref E&E 10.0 - [http://neweconomymanchester.com/stories/832-unit\\_cost\\_database](http://neweconomymanchester.com/stories/832-unit_cost_database)

<sup>5</sup> Surrey and East Sussex County Councils established a joint public sector partnership in April 2015 called 'Orbis Procurement', to provide a range of services including Procurement, Finance Property, IT, HR and shared business services, such as pensions and payroll functions. The procurement departments have been operating as a joint Service since 2012. By integrating these services and expanding economies of scale, adopting common practices and jointly investing in technology, it is anticipated that this partnership will achieve significant savings, which will be used to sustain services for the residents of Surrey and East Sussex.

<sup>6</sup> Social Value Add measured in equivalent £ units

<sup>7</sup> More case studies can be found at <https://www.gov.uk/government/publications/social-value-implementation-and-measurement-project-case-studies>

<sup>8</sup> In this context SVA is the total additional social value added above and beyond the requirements of the core contract

<sup>9</sup> The Marmot Review into health inequalities in England was published on 11 February 2010. It proposes an evidence based strategy to address the social determinants of health, the conditions in which people are born, grow, live, work and age and which can lead to health inequalities.

<http://www.kingsfund.org.uk/publications/inequalities-life-expectancy>

<sup>10</sup> Social Value Add – Additional social value added above and beyond the core contract requirements

<sup>11</sup> Click **HERE** for the PDF.

<sup>12</sup> A cash contribution made by developers to the local authority to mitigate the detrimental impact of the development

<sup>13</sup> Themes, Outcomes and Measures. A framework for assessing social value contributions.

<sup>14</sup> Not in education, employment or training

<sup>15</sup> Social value combines 'fiscal savings' and 'economic benefits' as per unit cost database

v1.4. Ref E&E 10.0

<http://neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/unit-cost-database>

<sup>16</sup> Based on figures for 2019

<sup>17</sup> Procurement spend across all Local Authorities in England and Wales was over £106bn in 2013/14. This is, however, significantly less than the development spend which in 2013/14 reached £122bn and by 2019 is predicted to reach £150bn/year

<sup>18</sup> London Borough of Hammersmith and Fulham

<sup>19</sup> This could include green leases as well



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