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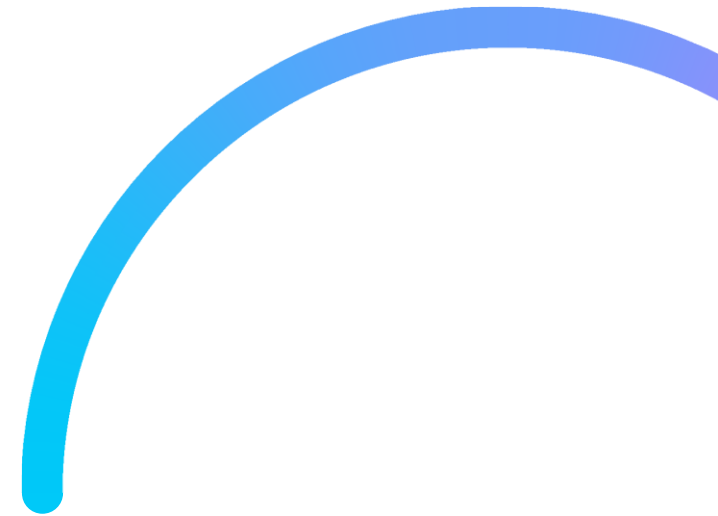


In conjunction with



Social Value Procurement

Wednesday 14 June
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Masterclass

#SVC23

Panel



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Social Value Procurement



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#SVC23





Social Value Procurement



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Senior Procurement Manager, Social Value Portal

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**Social Value is a new
concept for many bidders.
Be clear about your
requirements.**

Preparing your ITT



Social Value adds an extra dimension to the procurement process so early stakeholder consultation and pre-market engagement are key.



You need to consider what is relevant and proportionate but also what resources and time you will allow for bidders of all shapes and sizes to effectively participate in the process.



Design with MSMEs and VCSEs in mind.



No matter how brilliant your strategy if you haven't built it with bidders in mind you will not achieve your goal.

Elements of a good ITT



Tender documentation should be clear and accessible so that bidders are confident on how to prepare and submit social value proposals.



The winning social value proposal will form part of the contract award. This will need to be made clear in your ITT documentation.



Proportionality: how much additional social value can really be achieved on a low value contract which is only a few months in length?



Clearly state your definition of local for bidders and your process for any TUPE requirements





**Social Value should never
be a barrier to delivery.**

What does a good ITT look like?



Clearly set out your methodology for bidders including:

- Clear step-by-step requirements.
- What systems will be used.
- Where to find help and how to ask questions.
- Why Social Value priorities are in this procurement.
- Transparent guidelines.
- Clear timelines.



**Be clear and unambiguous.
Bidders should be able to
easily understand what the
ask is.**

ITT: What weightings should be used?



Make clear what weighting Social Value has as a proportion of the whole tender.



Your Social Value weighting should be proportionate, so consider the value, industry and locality of the procurement. Do your research.



Clearly state the qualitative and quantitative weightings for Social Value in your ITT.





A 60% weighting for Qualitative and 40% weighting for Quantitative levels the playing field for bidders of all sizes to showcase their creative capability in adding additional social value to your procurement process.

ITT: Qualitative Scoring Matrix

RESPONSES TO THE SV QUALITATIVE SECTION WILL BE EVALUATED USING THE FOLLOWING SCORING PROFILE:

Score	Classification
100%	Excellent - Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirements and provides comprehensive and clear details of how social value offers made will be delivered. The response provides a high level of certainty that the bidder will deliver their social value commitments.
75%	Good - Response is relevant and good. The response addresses all requirements and is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements will be fulfilled but includes some ambiguity or minor inconsistencies as to how social value offers made will be delivered. The response provides some confidence that the bidder will deliver their social value commitments.
50%	Satisfactory - Response is relevant and fair. The response addresses all requirements and demonstrates a fair understanding of the requirements but lacks details on how certain social value offers made will be delivered or contains some inconsistencies. Alternatively, the response fails to address all of the requirements. The response provides some concerns that the bidder will deliver the social value commitment.
25%	Poor - Response is partially relevant but generally poor. The response addresses all requirements but contains insufficient/limited detail or explanation to demonstrate how the requirements (or any of them) will be fulfilled or contains major inconsistencies. Alternatively, the response fails to address the majority of the requirements. The response provides significant reservations that the bidder will deliver the social value commitment.
0%	Unacceptable - No response submitted, or response fails entirely to demonstrate an ability to meet any of the requirements.



Remember that Social Value may be the deciding factor in a procurement outcome.

Issues a good ITT can resolve



Evaluations: Lessons for buyers



- Bidders are confused by ambiguous ITT instructions.
- MSMEs and VCSEs don't feel that they can compete with larger, more established bidders.
- Bidders don't understand the concept of additionality.
- Bidders think they shouldn't have to deliver social value as part of the procurement process.

Issues a good ITT can resolve



Evaluations: Lessons for buyers

- Bidders leave things to the last minute.
- Delivery plans are too long and contain information that is not required.
- Unnecessary documentation is included like company policies and glossy brochures.
- Bidders enter quantitative targets without supporting qualitative evidence.



**Commit to a performance
and evidence-based
approach to evaluating
Social Value in your
tenders.**

The Evaluation Process:



Key principles:



- Each submission must be evaluated on its own merit and not compared with other submissions.
- Only the information presented in the bid should be evaluated.
- Only information requested in the ITT should be evaluated
- Are submissions deliverable and measurable?
- Be consistent with what you consider 'good' and 'excellent'.

The Evaluation Process:



Key principles:

- Check that the SV offer is additional and not part of the core contract requirement or existing corporate initiatives.
- CQs to bidders should not be used as an opportunity to improve their bids. Be clear in what you need clarifying.
- Double counting check.
- Good handover process in place for contract management – be clear on expectations and responsibilities.



**The procurement process
is an opportunity to add
bidders to the social value
journey.**



Social Value Procurement: Lessons learned & Looking ahead



Matt King

Governance & Performance Manager, Bristol City Council

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Which contracts to apply SV to: Lessons learned

Be bold: most contracts can produce some social value (only counter-example = low-margin resellers). **“What extra CAN we get out of this contract?”**

Set a default policy to apply SV to all contracts above a threshold (sign off to deviate from that) (Doesn't mean taking the same approach to all contracts, as can take a tiered approach)

Consider contract management maturity when choosing which contracts to apply SV to

Directly awarded contracts can provide significant social value:

- If you don't ask, you don't get!
- Sometimes impractical depending on power balances and timeframes

What SV to ask for: Lessons learned

What are your organisation's priorities?

Define "local" precisely and carefully (and consider how you will flex for joint procurement activity)

Less (TOMs measures) is more!

- Avoid choice overload
- Reduce complexity and admin overhead
- Ensure measures are realistic for that contract value and duration



What SV to ask for: Lessons learned

Can you tap into existing schemes already setup to benefit from support from suppliers? If so...

- **Easier for suppliers to understand**
- **Can tap into existing resources to support suppliers with delivering**
- **Can gain wider organisational support for social value**
- **Can still use TOMs for centralised social value measurement & reporting**
- **Can still use TOMs as basis for liquidated damages (if desired)**

Potential approach:

- **Lower value: choose some pre-defined and achievable requests**
- **Higher value contracts: more scope to demand more but also to give suppliers more freedom to innovate**

Consider carefully before giving measures extra prioritisation weightings

How to ask for SV: Lessons learned

Pre-market engagement.... always best practice, but do you have time to do it for every tender?

- Definitely engage when you are designing your overall approach to social value
- Create a standard video if you can?
- Target effort when opportunity particularly big or when confusion particularly likely

If you think you will need to spend lots of time explaining your approach to SV to suppliers...
...maybe you need to simplify your approach, not spend longer explaining it

"If you think you understand quantum mechanics, you don't understand quantum mechanics."

Richard Feynman

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Social Value

Social Value

"If you think you understand ~~quantum mechanics~~, you don't understand ~~quantum mechanics~~."

~~Richard Feynman~~ *Matt King*

How to ask for SV: Lessons learned

Invitation to Tender:

- You (probably!) cannot make it too simple
- Some suppliers will get confused, no matter how much you explain it in your ITT....
- ...So yes explain it clearly... but think about whether you can simplify your approach further

How can you reduce admin burden of **clarification questions** during evaluation?

How are you going to avoid **double-counting**? e.g. environmental measures

Tiered approach:

- Lower value: choose some pre-defined and achievable requests
- Higher value contracts: more scope for giving suppliers freedom to innovate

How to ask for SV: Lessons learned

Weighting:

- Set a strong default weighting e.g. 20% (with sign-off to adjust down from there)
- Consider giving dedicated sub-weighting to offers of employment and local supply chain spend to avoid Local Economic Value from dominating scoring
- Give a high sub-weighting for quality of SV response over quantity (e.g. 50:50 split)

Scoring:

- Lower value contracts: can choose predefined “units” of Social Value and score using
- If using the TOMs: Can use Consider a minimum SV level or choose a scoring mechanism to avoid small quantities of social value getting high marks

Future thoughts for particular types of SV

Employment & local economy:

- Low value contracts: restrict RFQs to local suppliers only? (could still measure local employment)
- Look again at encouraging recruitment targeted at particular groups of people: e.g. set overall SV target value, and seek commitments to engage with schemes that work with those groups of people

Community engagement:

- Pre-valued social value “asks” Linking up community needs and supplier offers
- Try to tap into supplier expertise rather than unskilled days out
- Hyper-local: mandate/signpost suppliers to deliver SV in location the contract will be delivered

Environmental measures:

- Social Value no substitute for sustainable procurement policy
- More important to build carbon reporting, net biodiversity gain, etc into quality Qs and contracts

Contract Management: Lessons learned

Lessons I've learned

- **Involve Contract Managers in the SV specification and evaluation process: foster ownership**
- **Build into your contract management processes**
- **Clear roles and responsibilities (e.g. for us, being clear what SVP will and will not do)**
- **Build clear remedy mechanisms into contracts**
- **Measure and report – hold the supplier and the contract manager accountable**
- **Can we use community groups or existing schemes to monitor delivery more easily?**



5 key points

Think about contract delivery

Embed SV as the default

Keep it simple & proportionate

Link with existing schemes

Avoid rewarding poor offers



Social Value Procurement



Terry Brewer
Public Sector Lead, Social Value Portal

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Importance of Contract Management

Why is Contract Management Important?

Benefits realisation:

- Take decisions at the right time to mitigate future potential risks
- Reduce risk of contract disputes or surprises
- Action at the right time to prevent issues getting worse

Weightings for SV are increasing

- Ensure legalities are being addressed



Start as You Mean to Carry On

The more you put in at the start the more you'll get out:

- Pre-market engagement
- Tender documentation – set out working relationship, SV outcomes and measures, provide basis for enforcement

Importance and clarity:

- The importance organisation places on social value *i.e. through weighting*
- What the organisation means by social value *i.e. by using TOMs*
- Ensuring that social value outcomes are linked to the organisation's priorities



Points to Include in the ITT

- Delivery timing of SV offers
- Change mechanism
- Continuous improvement
- Contractualisation of offers
- Focussed requirements that deliver
- focussed offers
- Be clear that you want ‘additionality’ - not core contract





Including Remedies to Ensure Contract Delivery

Contractors are good at delivering social value

Where public sector authorities set out their requirements for SV clearly e.g. by setting out TOMs measures, clear evaluation process, weightings, approach to contract management etc this results in good SV offers by contractors that are delivered.

The overall level of delivery against targets, for contracts that are complete, is high, at 129%.

Total Target Social Value	£206,096,217
Total Actual Social Value	£264,995,713
Percent Delivered	129%



But What if it all Goes Wrong?

Social Value is about creating additional well-being and this is most often accomplished through the building of positive relationships that look for opportunities and mutually beneficial solutions.

Despite best efforts things do go wrong....and public sector organisations want to ensure that they have mechanisms in place to deal with such situations.

To address this need to include remedies in tender documentation – note that the application of remedies should be viewed as a last resort; the establishment of good relations with the contractor is essential.



Remedies Techniques – Liquidated Damages

What are LDs? Liquidated damages payments are a fixed or determined sum agreed by the parties to a contract to be payable on breach by one of the parties

How used? In the event of any non-delivery of SV offers made, the Public Sector Organisation will recover from the contractor the costs for delivering the SV directly that hasn't been delivered.

How Calculated? The liquidated damages sums calculated should represent a genuine pre-estimate of the costs that will be incurred by the PSO to rectify the breach.

NOTE: if a liquidated damages payment constitutes a penalty, it will be unenforceable.



Can I use the TOMs Proxy Values?

Remedies – Techniques that might be employed

NTOMs measures	Suggested Approach to be published in tenders for Calculating a Genuine Pre-Estimate for Damages
NT1-NT6 (employment measures)	<p>Public sector organisation to calculate salary costs for employee type; add employee and recruitment on-costs (on costs could be expressed as a set per centage figure).</p> <p>NB Public sector organisation might address this by referencing Govt web site for salary scales for staff and on-cost per centage.</p>
NT 14,16,18,19, 24 -28, 31 (e.g local spend)	Actual Spend or resource offered by bidder will be applied
NT 7, 8, 9, 10, 11, 15, 21 (e.g apprenticeship)	Market value to provide training/skill offered or cost of relevant trainer will be used
NT 12, 13, 17, 20, 29, 31-33	Proxy value x offer from bidder will be used

Remedies Techniques - KPIs

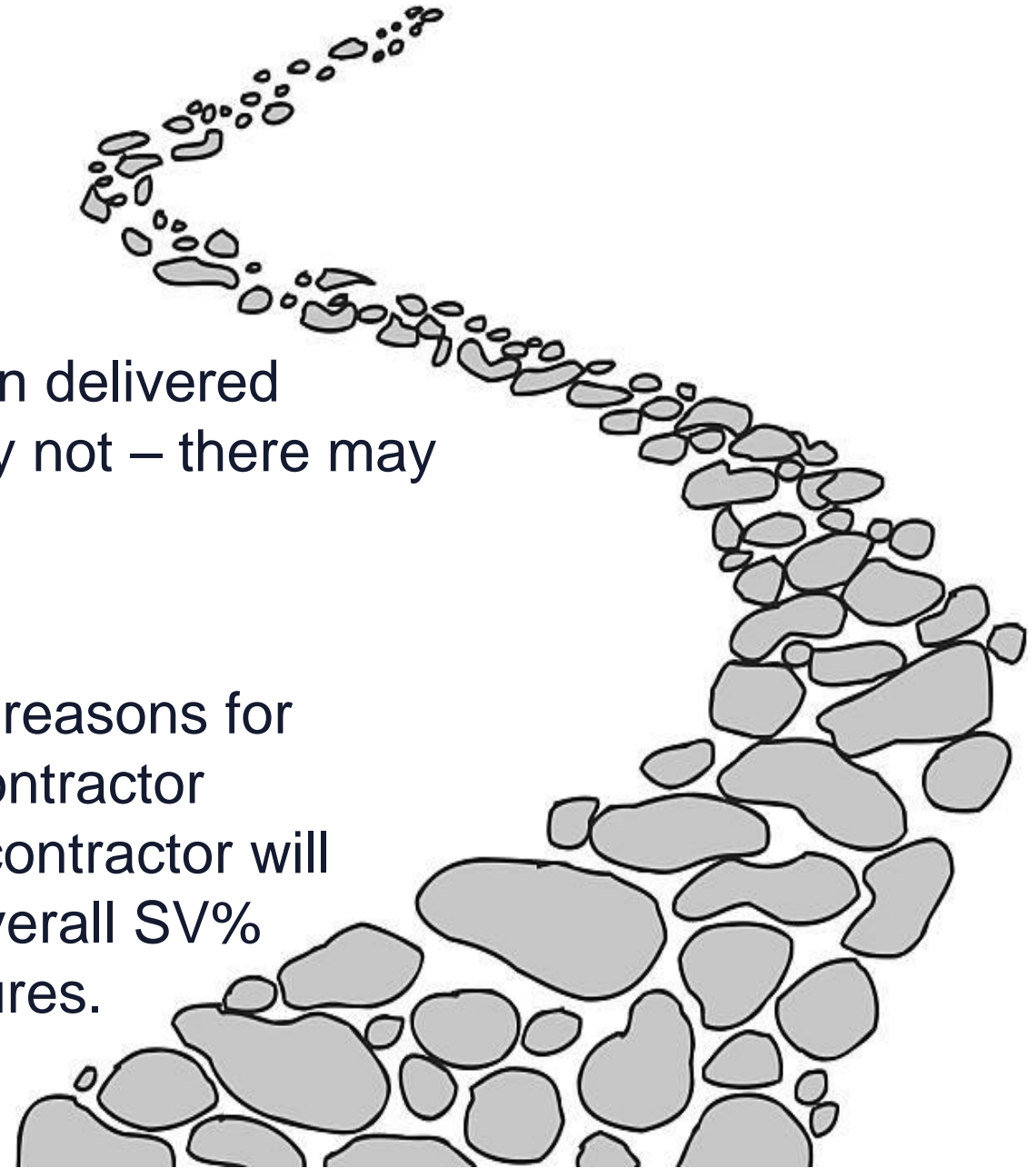
KPI [insert KPI number]	Social Value Delivery
Performance Standards:	<p>Social Value was defined and set out by the Public sector organisation in the tender documentation. The contractor committed to delivery of a programme of SV targets during the contract and is required to adhere to this programme. Monitoring against performance will be reviewed at Quarterly meetings with the contractor. In preparation for these meetings the contractor is required to provide details of SV commitments and evidence that they have been delivered.</p>
Performance points: [XX] points for a failure to deliver on any SV target in any Monitoring Period with a 10-calendar day rectification period.	

Retention Relate retention to either est. profit or SV%
as part of overall contract value

Remedies – Application

Step 1 – if a SV commitment hasn't been delivered discuss with contractor to determine why not – there may be genuine reasons for non-delivery.

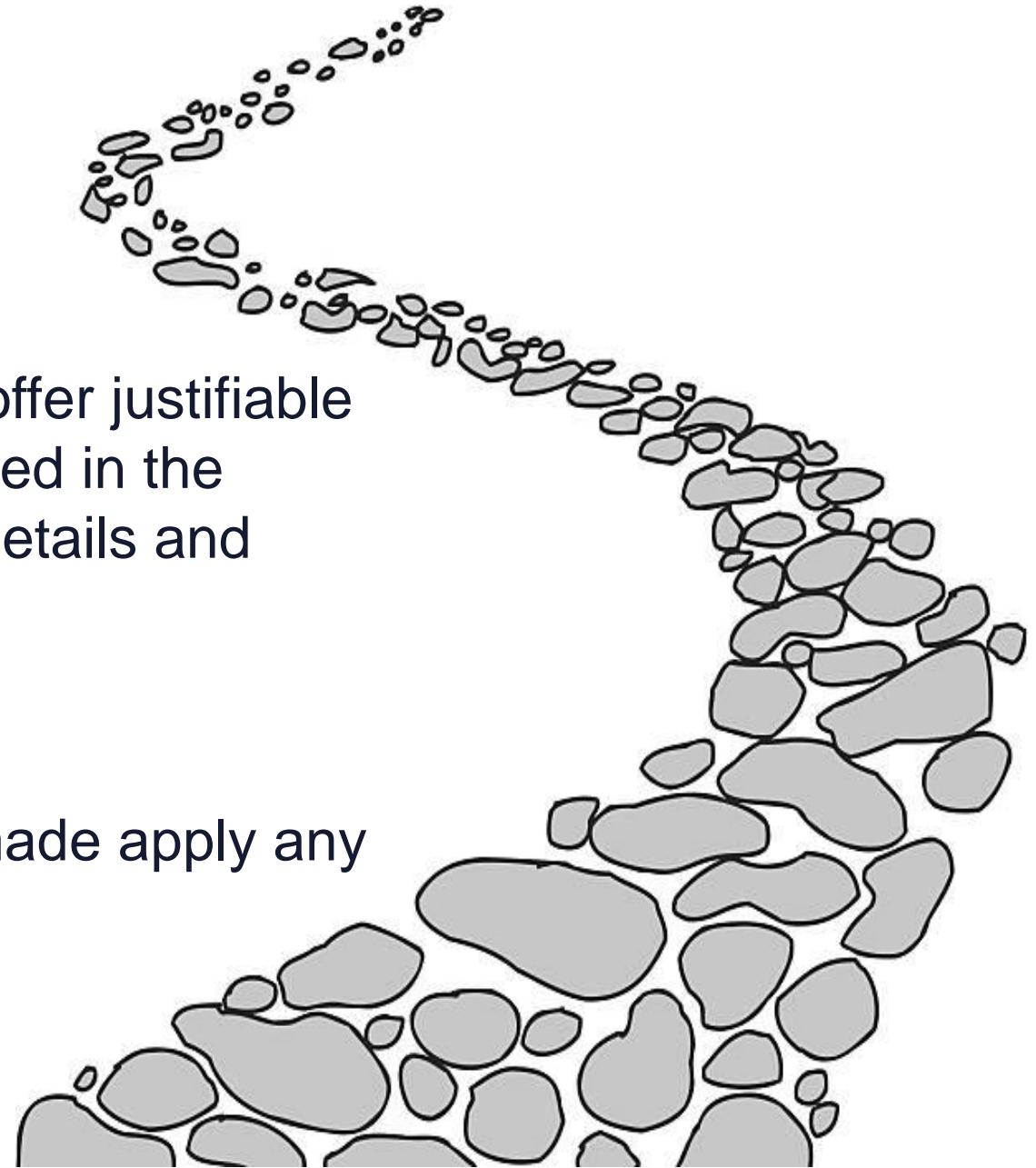
Step 2a – If there are justifiable reasons for non-delivery, discuss with the contractor what SV to same proxy values contractor will deliver instead – i.e. maintain overall SV% but determine alternative measures.



Remedies – Application

Step 2b - If the contractor is unable to offer justifiable reasons and remedies have been included in the contract, write to contractor setting out details and providing a rectification period.

Step 3 – if rectification isn't made apply any remedies included in contract documentation.





Thank you

Q&A



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Thank you