

## Social Value Framework

### Introduction

Tower Hamlets Council is committed to delivering better outcomes for residents. There is a growing awareness that commissioning and procurement can contribute directly to achieving the council's broader strategic objectives.

In adopting a social value framework, the council will be bold, and adopt a more social model of public procurement, as part of efforts to deliver fairness for residents.

Beyond the requirements for Value for Money and cost control, the Procurement Strategy explicitly recognises the key role that social value in procurement and commissioning activities can play in achieving the broader objectives of the council.

Through this framework, we will set out our intention to build on our existing Community Benefits approach, broadening the scope of how we interpret social value to include a wider range of key priorities for the council.

Alongside this framework, documents will be developed for key officers working in procurement and commissioning, as well as for potential suppliers, to help them understand how the council interprets social value and how they can tailor their bids to best fit the approach.

This framework is not intended to specify all of the procedures to be used internally around social value. The aspects relating to the procurement process such as weightings and thresholds will be developed further in separate documents.

### Legislative Background

The Public Services (Social Value) Act 2012 (the Act) requires certain public bodies, including local authorities, to give consideration to improving "the economic, social and environmental well-being of the area" (social value) when commissioning services whose value is above specified procurement thresholds (£181,302 for supplies and services and £4,551,413 for works - OJEU threshold) at the pre-procurement stage.

Local authorities are encouraged to apply the concept of social value to their practices wider than the requirement set out by the Act (Cabinet Office 2015; DCLG 2015), where it is relevant to the contract and deemed to be beneficial. As a result of the guidance, public bodies may:

- Apply social value to cover contracts for goods or works, or other types of contracts such as asset disposal or planning
- Apply social value below the threshold set out in legislation
- Consider social value at later stages of the procurement process

### Defining Social Value

Social Value refers to the extra social, economic and environmental benefits that can be secured throughout the commissioning and procurement cycle. Within the tender evaluation, one way of interpreting social value could be as an extension of the

'quality' aspect of the evaluation. The aim of the council is to maximise the social value obtained for every pound spent, whilst continuing to uphold the principle of value for money.

### Strategic Fit

The social value objectives will be aligned with the Tower Hamlets Strategic Plan. The plan is organised around three themes, under which sit a set of priorities. The draft priorities for the year 2018/19 are reproduced below.

#### **People are aspirational, independent and have equal access to opportunities**

- People access a range of education, training and employment opportunities
- Children and young people are protected so they can realise their potential
- People access joined-up services when they need them and feel healthier and more independent
- Inequality is reduced and people feel that they fairly share the benefits from growth

#### **A borough that our residents are proud of and love to live in**

- People live in a borough that is clean and green
- People live in good quality affordable homes and well-designed neighbourhoods
- People live in safer neighbourhoods and anti-social behaviour is tackled
- People feel they are part of a cohesive and vibrant community

#### **A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough**

- The Council is open and transparent putting residents at the heart of everything we do
- The Council works collaboratively across boundaries in strong and effective partnerships to achieve the best outcomes for residents
- The Council continuously seeks innovation and strives for excellence to embed a culture of sustainable improvement

Using these priorities, we intend to build on our existing Community Benefits approach to develop a number of schedules to broaden the approach beyond employment, skills & enterprise. Examples of such schedules can be found in the appendix.

### Governance and Implementation

The implementation of a social value framework in Tower Hamlets will be overseen by a working group with representatives from across the council. The involvement of services as well as procurement and legal in the group is key to ensuring that social value is embedded across the council. This group will develop an action plan to drive social value practices in the Council, oversee the rollout of social value and will be involved in developing the toolkit which will include the expanded community benefits schedules.

We will also explore further ways to collaborate with our partners in the Tower Hamlets partnership, such as developing a shared social value pledge and facilitating the exchange of experience and good practice.

## Measurement and Monitoring

In order to develop our approach, the working group will establish innovative ways of measuring social value beyond the monetary aspects. Guidance on how to measure social value will be included in a toolkit. In addition to the expanded output schedules (see samples in appendix), tools will be developed which aim to capture and measure the level of social value outcomes and impact. In terms of the evaluation of bids, one way of building social value into our existing approach is to include it as part of the 'quality' aspect of the scoring, as there is a degree of overlap with existing elements of the quality component.

The focus on social value should apply not only at the procurement stage at which commitments are given, but also throughout the lifetime of the contract, so that we can demonstrate the level of social value benefits that are being delivered, as well as promised at the tender stage.

We will also be bolder in experimenting with different weightings and lowering the threshold at which social value is considered. We can then monitor and review the results of these in order to find out what works best in different markets and with different sizes of contract. We will extend the application of social value to other types of contract, such as services.

## What Does Success Look Like?

When social value is embedded in our commissioning, procurement and contracting processes, we should be in a position to evidence that social value benefits are having a direct impact on achieving our strategic objectives. Beyond this, there are wider strategic benefits to be gained from social value:

- A thriving voluntary and community sector
- More effective co-design and co-production of services
- Increased social capital and community empowerment
- Delivery of sustainable preventative outcomes

## Reporting and Review

The benefits realised as a result of the expanded schedules will be reported to the Strategic Procurement Board and Corporate Leadership Team on a regular basis. The reporting structure will be agreed at a working group meeting.

## Risk Management and Capacity Building

The council will identify and manage any risks arising from social value practices. Currently identified such risks include possible legal challenge from some bidders if we are unable to develop coherent ways to understand social value - which can in some instances seem intangible - that are accepted by suppliers. However, the guidance from government and the experience of similar authorities suggest that the risk of such challenges is low.

The council will train a core group of contract managers and commissioners with the skills and knowledge required to successfully implement social value. Council officers will be supported to embed the Social Value agenda in their work.

In addition to this, the council will recruit a full-time Social Value Officer post, which may be funded via the Social Value Benefit accrued from commissioning. The post holder will advise on the implementation of social value, and lead on the monitoring and reporting of social value delivery. In addition to acting as an internal point of contact, this officer will be a liaison point for suppliers. The Social Value Officer will work closely with the services with particular focus on the economic, social and environmental aspects of specification, evidencing delivery and outcome-based measurement.

#### Appendix: Sample Social Value Output Schedules

##### Economic:

- Local jobs created and sustained
- Apprentices
- Work experience for school age, young people and long term unemployed
- Local issue focussed objectives; tackling poverty, ensuring equality, representative of the community
- Internal/external training provision
- Locally based businesses using local suppliers and sub-contractors where appropriate
- Other local investment

##### Environmental:

- Local travel planning/reduction
- Reducing carbon footprint/pollution controls
- Minimising waste through re-use, recycling, supporting the circular economy
- Using sustainable, environmentally friendly goods and assured supplies and products
- Efficient energy use and reduction
- ISO 14001 environmental management systems

##### Social:

- Community engagement
- Promoting cohesion and integration
- Supporting local community groups and charities
- Contributing to council initiatives
- Ethical supply chains
- Supporting local culture and heritage including events sponsorship
- Volunteering and community service activities