

# Scrutiny Review of Procurement: Social Value and Buying Local

## Report by the Review Board:

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# The report of the Scrutiny Review of Procurement: Social Value and Buying Local

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## Recommendations

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9	<p><b>The Review Board recommends that:</b></p> <p><b>a) The Procurement Team explores in more detail how the Council could move to a more qualitative approach to measuring social value by conducting a sector based 12 month trial with the ASCH department to pilot a more qualitative approach that might be more suitable for VCSE organisations, including the development of evaluation criteria for the trial (e.g. comparison with the previous 12 month period).</b></p> <p><b>b) Once the trial has been completed and evaluated, a report on the next steps in moving to a qualitative approach across the Council is produced.</b></p>	16
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## Introduction

1. Social value includes the consideration of social, economic or environmental benefits when commissioning and procuring goods, services and works. Achieving social value through procurement has been a priority for the Council for some time. The Council's suppliers have been helping to deliver apprentices, community value and engaging with skills initiatives for many years.

2. Through procurement and commissioning activity the Council increasingly works with communities to design solutions and support existing projects and initiatives with its resources, networks and expertise where possible. Social value in this context means working together and using resources to maximise the impact for local communities. The key benefits of social value include:

- Delivering better value for money by requiring our suppliers to do more than deliver the core services or goods in a contract;
- Increasing local spend by rewarding local organisations or those that employ a local supply chain, especially with the use of Small and Medium Enterprises (SMEs) or Voluntary, Community and Social Enterprises (VCSEs);
- Increasing opportunities for disadvantaged people and promoting social mobility;
- Helping to address specific skills gaps within a variety of sectors; and
- Promoting a responsible supply chain which leads to greener, cleaner areas and greater innovation.

3. The Place Scrutiny Committee was made aware of the work being undertaken to further develop the Council's approach to social value in procurement and Buying Local initiatives. The Committee identified that there was an opportunity for scrutiny to add value to this work and to review the policy and processes in this area of the Council's operations to help identify and support improvements. A scoping board meeting was held on 22 February 2022 which examined information on:

- The legislative background to the requirement to include social value in procurement;
- The current East Sussex County Council (ESCC) approach to social value in procurement and Buying Local; and
- How the scrutiny review could assist in improving the delivery of social value requirements and meeting the organisation's objectives.

4. Following consideration of this information the scoping board agreed to recommend proceeding with a review and this was agreed by the Place Scrutiny Committee on 23 March 2022. The agreed lines of enquiry for the review were:

- How can the Council improve the current approach to social value and Buying Local?
- How can social value and Buying Local initiatives be used to achieve the Council's objectives and support action on climate change and a sustainable local economy?

5. The desired outcomes from the review were to improve the Council's approach to social value including reviewing and endorsing the draft Social Value Policy; ensure the approach to social value supports the Council's objectives including those on sustainability, climate change and carbon reduction; and review the arrangements for supporting the local economy by Buying Local.

6. The review took place alongside the development of policies in this area and the Review Board had the opportunity to provide input into them as they were developed. The review looked at a range of evidence on the Council's approach to social value to see how well established the principles of social value are within the Council's procurement activity. It also looked at the policies, processes and procedures in place and suppliers' attitudes to the social value requirements in order to develop recommendations for improvements.

7. During the course of the review of evidence, the Review Board found that the Buying Local policy area and processes were well developed and meeting the Council's targets. As a result, the review primarily focussed on the social value policies and requirements.

8. The Review Board were mindful of the uncertain financial outlook the Council faces based on the current local and national position. Therefore, in developing recommendations from the review, the Board has sought to suggest ways of making improvements without significantly increasing the costs of the Council.

## Background

9. Contract procurement activity in the Council is supported by the Orbis Procurement Team, which is a shared service between East Sussex County Council (ESCC), Surrey County Council (SCC) and Brighton and Hove City Council (BHCC). The Procurement Team, which is part of the Business Services Department, provides specialist support to all the Council's departments to help them procure contracts for goods and services and to comply with Procurement Regulations which encompass the requirement to include social value in contracts.

### **Social Value**

10. In 2012 the Government brought into law the Public Services (Social Value) Act, to ensure the application and consideration of social, economic or environmental benefits when commissioning and procuring a service. When the Act was originally introduced, it applied to service based contracts with a value over the Regulatory Threshold (currently £213,477 inclusive of VAT as at 1/1/2022). However, ESCC has since moved to apply the same approach to all contracts, regardless of type, where the value is in excess of £100,000. This is a local choice and is in line with the approach taken by other similar local authorities. It widens the application of social value to lower value contracts and those that are for goods as well as services.

11. Procurement Regulations have for some time allowed contracting authorities, such as ESCC, to take into account as part of any procurement, socio, economic and environmental factors. The Public Services (Social Value) Act 2012 requires the Council to consider:

- How what is proposed to be procured might improve the economic, social and environmental well-being of the area where it exercises its functions, and
- How, in conducting the process of procurement, it might act with a view to securing that improvement.

12. Social value plays an important part in enabling procurement activity to deliver not just cost or service specific benefits, but also to deliver additional value against the Council's aims and objectives. The Council's corporate target is to deliver an additional 10% of the contract value in social value commitments, for all contracts procured which are over £100,000 in value. In 2021/22 the Council secured 11% economic, social and environmental social value commitments through contracts with its suppliers.

13. ESCC may require suppliers, when bidding for contracts over Regulatory Threshold, to include in their bids social value commitments or 'offers' to meet the Council's policy and the requirements of the Social Value Act. This is done using the Orbis Social Value Measurement Charter where contractors can make offers against the measures in the Charter, or the Social Value Market Place and ESCC Crowdfunder websites. The social value 'offers' are then assessed against the contract evaluation criteria as set out in the contract specifications and using the monetary proxy values in the Orbis Social Value Measurement Charter.

14. The Social Value Market Place and ESCC Crowdfunder websites provide alternative ways of contractors making social value commitments. The Social Value Market Place is a web-based portal which enables local community organisations to make requests for something which contractors can then offer to provide as part of their social value commitments. It is a non-financial way of getting social value and is a matching service between local organisations and contractors offering social value help. The ESCC Crowdfunder website was developed in partnership with Crowdfunder UK and enables local organisations to use a different way of raising and getting funding. It is a way that contractors and suppliers can make financial contributions to charities and Voluntary Community and Social Enterprise (VCSE) organisations in East Sussex that can be included as part of their social value offer. Both are linked to and signposted in the Charter and tender documentation.

15. The Orbis Social Value Measurement Charter contains 39 measures, that are based on national Themes, Outcomes and Measures (TOMs) of social value. The measures are split across the four themes of Economy, Social, Environment and Other Initiatives. The Themes, Outcomes and Measures assign a proxy monetary value that can be used to evaluate, on an objective basis, the proposed social value that has been offered by bidders. Examples of the sort of measures that are in the Charter include:

- the amount of the contract value spent with local small and medium sized businesses;
- commercial support or facilities offered to local voluntary and community organisations;
- the number of apprenticeships offered to local people; or
- resources dedicated to increase the biodiversity of local green spaces.

### ***Buying Local – using local suppliers***

16. The Council is committed to encouraging businesses in East Sussex to compete for contract opportunities in order to support the development of the local economy. The Council actively encourages the use of locally based suppliers where they can offer best value for money, where 'local' is defined as within the county boundaries of East Sussex.

17. The Council's corporate target for the percentage of Council procurement expenditure with local suppliers is 60%. In 2021/22 the percentage expenditure achieved with local suppliers was 67.9%. This figure includes Tier 2 supplier data (i.e. the direct expenditure with the Council's suppliers that is then sub-contracted by them to a local supplier). The national Government target for contracts being delivered by local small businesses is 33% (2019 figure).

18. There are linkages between social value measures and the use of local suppliers, including VCSE organisations. For example, social value measures include using local suppliers and VCSE organisations to deliver contracts, and employing or training local people which benefits the local economy. The use of Buying Local initiatives and social value both aim to support the local economy and the local communities of East Sussex, as well as being linked to the Council's priority outcomes.



# Review Board Findings

## *Social Value*

### **Social Value policies, processes and procedures**

19. The Review Board examined a range of evidence on the Council's current social value policies, processes and procedures to explore how well understood the requirement to include social value in contracts is, and whether there is any scope for making improvements. This included departmental attitudes to social value within the Council, and those of organisations in the Council's supply chain.

20. The Board saw and heard evidence of the extensive range of work the Procurement Team has undertaken to embed social value principles with contract commissioners, and those staff who have a contract management role across the Council, to ensure social value requirements are built into contracts at an early stage and their delivery is monitored. This included follow up work from an Internal Audit report on the Management of Social Value Requirements, the development of new contract handover documentation and the adoption of an ESCC Social Value Policy. As part of the review the Board were able to comment on and endorse the draft Social Value Policy prior to its adoption in September 2022. The Board also indicated that it would welcome the opportunity for scrutiny to be involved in any future updating or review of this policy.

21. The Review Board also conducted a short survey of Council staff involved in commissioning and those with a contract management role or responsibility, to explore staff views and levels of understanding of social value requirements, receiving responses from 12 officers out of 40 invited to complete the survey. A full summary of the results from the survey can be found in appendix 2 of this report.

22. The Board found that there is a focus on early engagement with departments and suppliers to ensure that social value requirements are well understood. However, there is an acknowledgement by the Procurement Team that there is more to do to improve the level of understanding. Some of the suggestions made by respondents of what would improve their knowledge of social value included:

- Providing updates on what social value ESCC is achieving through contracted services across departments and examples of what good looks like.
- Collective discussions in teams about how best to use the social value approach.
- An on-line guide to social value and some guidance on what is realistic and appropriate to expect from small VCSE organisations.
- Short training sessions and support for contract managers on how to achieve social value in practice.
- Short written guide or PowerPoint guide highlighting key/essential points with examples of good practice, including priorities and how it is measured.

23. The results of the survey also illustrate that the majority of the smaller group of officers who had used the Charter rated it as difficult to use. Some of the suggestions for improvement included:

- Having examples of social value gained from contracts by service area would enable commissioners to better understand the art of the possible.
- Having discussions in teams about how best to use the social value approach, including what has worked and not worked against the specific TOMs.

- Having more flexibility in the approach, ensuring commissioners are aware that the Charter can be tailored to individual contract requirements.

24. When asked if the policies and procedures for social value are clear and easy to understand there was an even split in the survey between those that agreed, disagreed or neither agreed or disagreed. In contrast, all respondents rated their understanding of social value as ok, good, or very good. Respondents were split on how well they thought social value principles are communicated and understood within the Council, with 50% saying it was poorly or very poorly communicated and understood, and 50% saying it was neither poorly nor well, or well understood. In this respect, continuing with communications, training for staff and engagement activity will be important.

25. Examples of suggestions from respondents to the survey for improvements to the Council's current procedures for securing social value in contracts included:

- Targeting social value requirements at much larger, commercial contracts.
- A move to more qualitative measures for social value is developed, which can be adapted for different markets and service areas.
- More emphasis on the social value aspect of procurement, to help the contractor and the end user in procurement projects and making it clear that the Social Value Charter tool can be edited for individual projects.
- The Procurement Team to remind commissioners to view the suite of documents available (including examples) when starting a procurement process, and the requirement to monitor and measure social value once the contract is awarded.
- Provide examples of the difference social value makes and how it can be used imaginatively in procurement processes – i.e. what 'good' looks like.

26. The Board heard from the Procurement Team and other witnesses that there are also uneven levels of understanding of the Council's approach to social value in the supplier base. This was supported by the views of commissioners and contract managers or those with contract management responsibility who responded to the survey. When asked how well they thought organisations in the supply chain understood the social value requirements; 25% thought organisations in the supply chain poorly understand the requirements; 58% neither poorly or well; and 17% well.

27. There are differing levels of understanding in different industry sectors. Some sectors (e.g. construction) are more mature in their understanding and approach to making social value offers than others. It is therefore important to engage with the supply chain on our approach to social value through communications and to encourage them to think about it early in the procurement process.

#### **Recommendation 1**

**The Review Board recommends that the Council undertakes further communications, training and engagement activity, informed by feedback from the Board's survey, with:**

- a) departments – focused on social value requirements and using the Social Value Charter including examples of what 'good' looks like; and**
- b) with organisations in the supply chain, including providing case studies to ensure the Council's approach to social value requirements is well understood.**

### ***Monitoring the delivery of Social Value commitments***

28. Once a contract has been awarded, it is the responsibility of the client department, rather than the Procurement Team, to ensure the social value commitments made as part of the contract are delivered. This is an important part of maintaining a robust procurement process. The Board heard that at present there is no overall system for recording and monitoring the implementation of the social value commitments that have been made, but this is likely to change with the introduction of a new procurement software system PM3, which has the ability to record benefits such as the social value commitments for each contract. Management reports can then be created to help senior managers monitor the delivery of commitments. The Board considered that recording and tracking social value commitments is essential so that monitoring of what is actually being delivered can take place.

#### **Recommendation 2**

**The Board recommends that social value commitments are recorded in future via the PM3 procurement software system, to better enable monitoring of what is delivered.**

29. The Board considered that introducing a reporting requirement for social value commitments may also be helpful, especially where the Procurement Team is not involved in the procurement. For example, this could be a quarterly dashboard report reviewed by departmental management teams, which would increase the visibility of contracts requiring further action and would enable resources to be focussed on where additional contract management support may be needed. This could help ensure that the social value benefits secured as part of the procurement process are delivered.

#### **Recommendation 3**

**The Board recommends a service-based reporting requirement is introduced on the delivery of social value commitments which is reviewed quarterly at departmental management team meetings.**

30. The Board heard evidence from the Procurement Team that it would be beneficial to be able to provide some additional contract management resource to support those staff in contract management roles to monitor and ensure the delivery of social value commitments. This may be especially helpful for smaller contracts where there is no dedicated contract management function or resource, or where there may be work pressures around service delivery.

31. The Procurement Team provided information to the Board on the Contract Management Advisory Service being developed in Surrey County Council (one of the Orbis partners) which aims to provide enhanced overall contract management support to ensure all contracts are performing and obligations are delivered, including social value. The business case for this service looked at the benefits to the organisation of having an efficient and effective end to end contract management and better procurement outcomes. This includes the efficient use of resources already being employed to secure social value commitments.

32. Members of the Social Value Review Group, which is an officer group comprised of subject and sector specialists, outlined that they provide support to ESCC departments where they can, but have limited capacity. They agreed that having some additional resource to support contract managers would be helpful in delivering the Council's policy on social value. The responses to the survey of commissioners and contract managers suggests that some staff are having difficulties and are struggling to monitor social value commitments. A third (33%) of respondents said they 'Rarely' had time to monitor the delivery of social value commitments; just over 40% replied 'Sometimes' and 25% 'Often'. Just over 90% of respondents said they would find the provision of additional resources to help with monitoring and implementation of social value commitments beneficial. Some of the stated reasons from the survey for needing support, or ways of providing additional support for monitoring, included:

## Monitoring

- All teams are stretched with staff retention an issue. This can often leave little time for anything above and beyond service delivery. Monitoring social value delivery during covid has been difficult, with some providers experiencing significant staffing pressures.
- The Procurement Team could share rolling updates on social value gained across service areas, highlighting successes and difficulties in specific Themes, Outcomes and Measures. This will enable commissioners and the Procurement Team to know what works and doesn't work in relation to gaining good social value.
- Social value could be added to regular contract review meetings, but at present the focus is on delivering Key Performance Indicators and outcomes set out in the service specification.
- It would be useful to measure social value and review where it is met to inform future social value opportunities. This could be shared so it is possible to understand across the organisation the impact this is making and how the approach can be improved.

## Support

- There is very little assistance after contracts have been procured. Support to help contract managers understand how to gain social value and embed within the organisation would be time well spent if the Council wants to lever in and maximise social value. It would be helpful to be guided on what 'good' looks like.
- Currently, all input from the Procurement Team ceases at the point of contract award, and sometimes Procurement have had the most involvement in evaluating social value responses from bidders. It can then be difficult to monitor and evaluate the real impact and delivery of social value throughout the life of the contract, especially if the successful bidder does not have the relevant people to monitor and review social value commitments.

33. The Review Board considers there is a potential business case for some additional resource to support the monitoring and delivery of social value commitments and that it would be worth exploring whether it is possible to provide extra support as part of enhanced contract management similar to the Surrey County Council model. It would also be helpful to require suppliers to report on the delivery of the social value commitments as part of the contract specification.

### **Recommendation 4**

**The Review Board recommends that the Business Services Department assesses the business case for providing additional resources to monitor, track and support the delivery of contractual commitments including social value through enhanced contract management support.**

### **Recommendation 5**

**The Board recommends that suppliers are required to monitor and report on their delivery of social value as part of their contract through the use of Key Performance Indicators (KPIs).**

## Social Value and the Council's priorities

34. The Review Board explored the way in which the social value policies and procedures enable the Council's priorities to be supported. There is a strategic procurement 'thread' which links the social value requirements in procurement to the Council's objectives. The Social Value Policy links the Council's priority objectives to the Social Value Charter and the measures contained in the Charter. The social value Needs and Strategies document provides a further emphasis on those social value measures that closely support the Council's priorities and current issues (e.g. helping people into work).

35. The evidence heard by the Board suggests that it is currently possible to narrow down or focus the social value measures to support the Council's priorities. The Board found that the social value themes in the Orbis Social Value Measurement Charter and the Needs and Strategies document which sets out priority areas for social value offers, provide enough flexibility to ensure that social value offers closely support the Council's priorities. For example, the Board heard that a survey of some commissioners in the Adult Social Care and Health department indicated that they see the two most important priorities as supporting people with a disability and/or care and support needs, care leavers and those not in employment, education and training (NEETs) into employment, and carbon reduction measures.

36. The Board heard that the Needs and Strategies document is reviewed quarterly by the Social Value Review Group and consider that it would be beneficial to include service leads, commissioners and those involved in the contract management function in the quarterly review process of the Needs and Strategies document to help ensure that the priority areas set out remain current and appropriate. There are also opportunities to take a whole council, collaborative approach to social value. As an example, commissioners in Adult Social Care and Health identified measures to employ people with a disability and/or care and support needs, and care leavers as a priority which could be applied in contracts across the Council. This would materially contribute to increasing the wellbeing of these groups and the Council's priority of helping people to help themselves.

### **Recommendation 6**

**The Review Board recommends that service leads, commissioners and staff involved in contract management are included in the review process of Needs and Strategies document which sets out priority areas for social value offers.**

### **Recommendation 7**

**The Board recommends guidance is given on narrowing the focus or number of social value measures included in contract specifications to support the Council's priorities and promote a collaborative approach within the Council.**

## Social Value and climate change

37. The Review Board examined how social value can be used to help the Council achieve its climate change objectives, and specifically whether it would be better to specify carbon emission reduction measures within core contract specification requirements rather than using social value measures. At present it would appear that there is a choice of approach.

38. The Board heard that the Environment theme within the Orbis Social Value Measurement Charter includes measures to reduce operational carbon emissions, as well as measures to dedicate resources to the sustainability of local green areas (e.g. improving biodiversity and improving habitats) and environmental programmes with local groups. Evidence provided by the Procurement Team and the Environment Team Manager indicated that including carbon reduction measures in core contracts rather than using social value measures, would enable more precise specification of what the Council requires (e.g. carbon reduction plans and carbon reduction targets) and better monitoring and delivery. This view was also supported by the evidence given to the Board by Strategic Commissioning Managers.

39. The Board also reviewed the Orbis Environmentally Sustainable Procurement Policy which was adopted in October 2022. This provides for the inclusion of carbon reduction and other sustainability measures within core contracts. The Board considered that it would be helpful for the policy to include a number of case studies and for scrutiny to be involved in the evaluation and updating of the policy.

40. The Board found that based on the evidence given to the Board and with the introduction of the Orbis Environmentally Sustainable Procurement Policy, there is a clear case that it would be better to include carbon reduction measures in core contract requirements and not use social value measures for this purpose. The only exception would be where it is a very small supplier who may not be able to afford to produce a carbon reduction plan or offer carbon reduction measures as part of the core contract. The Orbis Social Value Measurement Charter will need to be altered to reflect this, so suppliers and commissioners are clear where they should include carbon reduction measures in future contracts and bids.

41. The Board heard that the LoCASE (Low Carbon Across the South and East) scheme (which finishes in April 2023) provides business support to the supply chain and small and medium-sized enterprises (SMEs) to help them develop measures to reduce carbon emissions and costs. The Review Board heard that suppliers may need support in developing carbon reduction plans and knowing which carbon reduction measures to prioritise. This was confirmed in evidence given by commissioners. One option could be for larger suppliers, in other non-competing sectors, to offer support on carbon reduction measures to smaller suppliers as part of their social value offer. Examples of measures or suggestions such as this will need to be included in tender documentation or as a measure in the social value Charter.

42. The Review Board considered that it is important to ensure there is some support for the Council's suppliers and local potential bidders to help them develop carbon reduction measures, such as the support provided by the current LoCASE Scheme. This could be considered as part of the Council's work to decarbonise its scope 3 emissions.

#### **Recommendation 8**

**The Review Board recommends that:**

**a) Clear guidance is given to suppliers and commissioners on where to include carbon reductions measures in contracts and bids.**

**b) Consideration is given to amending the Orbis Social Value Measurement Charter to make it clear that carbon reduction measures should be included in the specification of contracts in the first instance, rather than including them as social value measures, except where using social value measures would be more appropriate for smaller suppliers.**

**c) The Council explores ways of continuing to provide support to local suppliers, such as training, to help them develop carbon reduction measures and adopt carbon reduction pathways, thereby promoting a more sustainable supply chain.**

## Quantitative vs. qualitative approach to measuring social value

43. The Review Board heard evidence from the Procurement Team that a quantitative approach to measuring social value tends to focus on the monetary value of the offer (e.g. number of jobs). Whereas a qualitative approach could be used more flexibly to construct tenders to reflect wider, longer term benefits such as long term employment opportunities (e.g. permanent contracts on the national living wage). The current approach which seeks a social value offer of 10% of the value of the contract can lead to a focus on measures like apprenticeships, the provision of laptops etc. as they are easier to deliver and quantify. The ESCC approach to social value to date has been good (it has won two awards) and is now at a stage of maturity where there is an opportunity to evaluate whether a more qualitative approach would provide wider community wellbeing benefits.

44. The current quantitative approach is based on widely used national guidelines which use social value Themes, Outcomes and Measures (TOMs) and assigns proxy monetary values to social value commitments. However, it is possible to use a more nuanced qualitative approach which may have wider benefits for the Council and communities in East Sussex. The review Board heard there are challenges in moving to a more qualitative approach as this may be perceived as being more subjective and potentially more open to challenge when evaluating and scoring bids. Some commissioners like the quantitative approach as it is easy to quantify the social value commitments and it is an approach they are comfortable with. It is also more difficult to provide monetary values for performance measures using a qualitative approach. However, there are examples where a qualitative approach has successfully been used without challenge, such as by Brighton and Hove City Council, which demonstrates it is possible to do so without there being challenges to the outcome of the procurement.

45. The Board heard there are also examples from other local authorities such as Herefordshire Council and Durham and Leicestershire County Councils where a hybrid approach has been taken. In these examples qualitative measures are used and specified in contracts. The social value delivered is then assessed and a monetary value attributed. Essex County Council has developed a 'Social Return on Investment' measure to assess the amount of social value delivered.

46. Evidence from the Procurement Team highlighted that the original Social Value Act sought benefits for community wellbeing and that the development of a more qualitative approach may more closely meet the requirements of the Act. The introduction of the Social Value Model for use in central Government contracts also advocates a more qualitative approach. This measures social value through use of method statements submitted by potential bidders describing how and what social value they will provide. The Board heard that the Procurement Team would support developing a trial or pilot for a more qualitative approach, provided this could be done carefully and following consultation with commissioners. This approach has been tested with some commissioners in the Adult Social Care and Health (ASCH) department. The Procurement Team also confirmed that this approach would be suitable for contracts across the organisation.

47. The Review Board heard evidence from the Third Sector Policy Manager that the Voluntary Community and Social Enterprise (VCSE) sector's view of social value is that "it's what they do" and meeting social value requirements had initially been a challenge for them. VCSE organisations see themselves as providers of social value and it is more difficult for them to make social value commitments where there is not the breadth of measures that VCSE organisations can meet (e.g. measures like apprenticeships are more difficult for VCSE organisations to fund and offer). Feedback from VCSE organisations via the Third Sector Policy Manager indicated they would favour an approach which is more tailored to their ability to offer social value commitments, and a move to a more qualitative approach may be more flexible and compatible with the needs of VCSE organisations.

48. The Review Board can see the potential benefits of moving to a more qualitative approach to measuring social value. Based on the evidence heard from the Procurement Team and Third Sector Policy Manager, it may also provide a more flexible approach which might be more suitable for VCSE organisations. Therefore, the Board would support exploring a change to a more qualitative approach to measuring social value by conducting a trial if this could be achieved in a careful and considered way. The Board heard that a trial could be developed to pilot this approach in the health and care sector where a number of VCSE organisations operate.

49. The trial would be based on the central Government Social Value Model, which is widely used and supported with training materials. Social value offers would be evaluated qualitatively through a requirement to submit a method statement and include key performance indicators (KPIs) on the delivery of social value in contracts. The KPIs can then be used to measure and report the social value delivered by the contract. This places more of the emphasis on the contractor to report on the delivery of social value. The trial could be conducted with the ASCH department, with direct involvement from Adult Social Care Commissioning, for a period of 12 months and then evaluated. During the period of the trial the ASCH department would need to be exempted from the corporate social value target, so as not to affect other departments.

50. The Review Board considers there to be benefits to the Council and the wider community of moving to a qualitative approach and this could be evaluated through a trial. It would need to be supported by appropriate training and engagement with commissioners, those with contract management responsibilities, and suppliers. Following completion of a successful trial, a qualitative approach could then be rolled out across the Council.

#### **Recommendation 9**

**The Review Board recommends that:**

**a) The Procurement Team explores in more detail how the Council could move to a more qualitative approach to measuring social value by conducting a sector based 12 month trial with the ASCH department to pilot a more qualitative approach that might be more suitable for VCSE organisations, including the development of evaluation criteria for the trial (e.g. comparison with the previous 12 month period).**

**b) Once the trial has been completed and evaluated, a report on the next steps in moving to a qualitative approach across the Council is produced.**



## ***Buying Local initiatives and the use of local suppliers***

### **Policies, processes and procedures**

51. The Review Board heard that the Orbis Procurement Team actively engages with local suppliers on tender opportunities and provides support and training at events to help potential suppliers understand the Council's procurement process and how to bid effectively. They hold early market engagement events and Framework launch events, to inform suppliers of upcoming opportunities and ensure there is a clear understanding of the tender process. All Council contracts worth over £25,000 are published on the Contracts Finder portal and the format of Pre-Qualification Questionnaires and Selection Questionnaires has been approved by the Federation of Small Businesses.

52. The Board also heard evidence that the Council has been increasing the target for the percentage of expenditure with local suppliers over the years. It was increased from 54% to 60% in 2021/22 as the Council had been exceeding the target and it was considered that a higher target would better reflect the focus ESCC places on spending Council money within the local economy. This level of performance demonstrates that facilitating local expenditure through tendering activity is routinely being achieved. It has also supported the Council's recent work on the East Sussex Economy Recovery Plan.

53. The Board heard there are no plans to increase this target further, as delivery against the target is only partly under the Procurement Team's control. Although the Procurement Team does put in place initiatives to encourage local suppliers, the use of local suppliers cannot be included as a specific requirement in most tenders as it would be contrary to Procurement Regulations. However, there are links between using local suppliers and the Social Value Measurement Charter which rewards suppliers who include social value commitments in their tender submission. For example, if a supplier commits to delivering all or a large part of the contract locally or through local supply chains, this can increase their evaluation score.

54. The Board heard that the Council has recently signed up to the *Keep it Local* Campaign, which includes six principles for working with local organisations and that support working with VCSE organisations (further details can be found in appendix 3 of the report). The six principles are:

1. Think about the whole system not individual service silos
2. Co-ordinate services at a neighbourhood level
3. Increase local spend to invest in the local economy
4. Focus on early intervention now to save costs tomorrow
5. Commit to your community and proactively support local organisations
6. Commission services simply and collaboratively so they are "local by default"

55. Many of the six *Keep it Local* principles are already embedded within the Council's core business, including its approach to commissioning and procurement and the whole systems approach to partnership working with the NHS and VCSE organisations. This will in turn have the potential to support local communities and local wealth creation.

56. Evidence from the Council's Economic Development Team's work with local suppliers and business organisations indicates there is no demand in any of their specialist support programmes for topics on how to win public sector contracts or meeting social value requirements. This may imply that local business organisations understand the Council's approach in these areas.

57. However, the results from the survey of contract managers and commissioners suggests more could be done to improve the understanding of ESCC's social value requirements. When asked how well do you think businesses and organisations in the supply chain understand the Social Value requirements 25% of respondents thought ESCC's social value requirements were Poorly understood by business organisations; 58% Neither Poorly nor Well; and 17% Well understood. Suggestions of what more ESCC could do to assist bidding organisations in understanding social value included:

- Improve marketing of the social value marketplace and provide online webinars or videos to bring this to life and what has been achieved.
- More engagement at the outset of a procurement activity, highlighting the importance of social value as opposed to it being described as something we just all need to do.
- Work with suppliers and contract managers to help them understand the social value requirements, particularly SME type organisations.
- Create examples and case studies of where social value works well, highlighting the Themes, Measures and Outcomes that will bring the best social value to people and communities across East Sussex, and help meet the Priorities of ESCC and our partners.
- Have guides and examples that could be shared with business organisations relevant to their service or business sector.

58. Recommendation 1 on page 10 of the report addresses the issue of further communications, training and engagement activity to support suppliers understating of the Council's social value requirements.

59. During the course of the review of evidence, the Review Board concluded that the current policies and procedures are working well, and the Council is meeting and sometimes exceeding the target levels of expenditure with local suppliers. The principles and benefits of using local suppliers and organisations to provide the Council with goods and services are well established and have been further re-enforced by the commitments contained in the *Keep it Local* Campaign. Consequently, the Board has not made any recommendations regarding the Buying Local initiatives and has primarily focussed on the review of social value.

## Conclusions

60. Overall, the Review Board found that a great deal of work has been undertaken to make sure the Council's social value requirements are well understood and considered at an early stage of the procurement process. There is more work to do on the handover to service departments and monitoring of the delivery of social value commitments. The Board has made a recommendation on building a business case to provide additional resources to support this work.

61. The Council's current approach to measuring social value using quantitative measures is quite mature, and the Board considers that there may be an opportunity now to move to a more qualitative approach to provide wider community benefits, which in turn may help support work with our VCSE partners and small and medium-sized enterprises (SMEs), making it easier for them to demonstrate social value. The Council's Buying Local initiatives to support local suppliers appear to be working well and are embedded across the organisation.

# Appendix 1

## Scope and terms of reference of the review

The Review was established to consider and make recommendations on the following:

- 1) How can we improve the current approach to Social Value and Buying Local?
- 2) How can Social Value and Buying Local be used to achieve the Council's objectives and support action on climate change and a sustainable local economy?

The scope of the review included an investigation of various aspects of the current policy and approaches including:

- Examining how well social value principles are communicated and understood by departments – How embedded are they?
- Examining the processes used and in particular the handover from the Procurement Team to the service department contract managers who are responsible for monitoring and ensuring the social value measures are delivered.
- Looking at the engagement with the Council's supply chain – do they understand the requirement and what we are trying to achieve? – what help and support might they need?
- Exploring whether it is possible/beneficial to move away from the use of proxy values in the current quantitative approach to measuring social value to a more outcome focussed qualitative approach and what this could look like.
- Review and comment on the draft Social Value Policy.
- Examine whether narrowing down and prioritising what social value the Council asks for from suppliers, would be beneficial in achieving the Council's objectives. This may already be taking place to some extent when using the Social Value Charter (e.g. through the use of tailored advice for specific or larger contracts).
- Explore opportunities to use social value to support action on climate change and a sustainable local economy.
- Consideration of the Environmentally Sustainable Procurement Policy

## Board Membership and project support

Review Board Members: Councillors Chris Collier (Chair), Julia Hilton and Paul Redstone.

The Project Manager was Martin Jenks, Senior Scrutiny Adviser with additional support provided by Harvey Winder, Scrutiny & Policy Officer and Patrick Major, Scrutiny & Policy Support Officer.

Anne Epsom, who was the departmental link officer and Fraser Cooper provided ongoing support to the Board throughout the review.

## Review Board meeting dates

Scoping meeting – 22 February 2022

### Board meetings

26 July 2022

4 October 2022

20 October 2022

7 November 2022

15 November 2022

20 February 2023

8 March 2023

## Witnesses providing evidence

The Board would like to thank all the witnesses who provided evidence in person:

### ESCC officers

Darron Cox, Director of Procurement, Orbis Procurement

Anne Epsom, Head of Policy and Modernisation, Orbis Procurement

Lee Redmond, Head of Contract & Commercial Advisory

Rozie McPhrazier, Social Value Lead, Orbis Procurement

Andy Arnold, Environment Team Manager

Holly Aquilina, Employability & Skills Strategy Manager

Paul Rideout, Policy Manager (Third Sector)

Angela Yphantides, Strategic Commissioning Manger

Kenny MacKay, Strategic Commissioning Manager (Mental Health)

Fraser Cooper, Strategic Commissioning Manager (Learning Disability)

## Evidence papers

Item	Date considered
Orbis Social Value Charter 2022	22 February 2022 and 26 July 2022
Orbis Social Value Charter Guide v7	22 February 2022 and 26 July 2022
ESCC Draft Social Value Policy	26 July 2022
Internal Audit Report – The Management of Social Value Requirements follow up audit 2021/22 (February 2022)	26 July 2022
ESCC Social Value Needs and Strategies Document	4 October 2022
Keep it Local – Report to Lead Member for Resources and Climate Change 26 July 2022	October 2022
Orbis Environmentally Sustainable Procurement Policy	20 October 2022
Understanding Social Value in Procurement – Staff Survey Results	November 2022

Contact officer: Martin Jenks, Senior Scrutiny Adviser

Telephone: 01273 481327

E-mail: [martin.jenks@eastsussex.gov.uk](mailto:martin.jenks@eastsussex.gov.uk)

## Appendix 2 – Summary of staff survey results

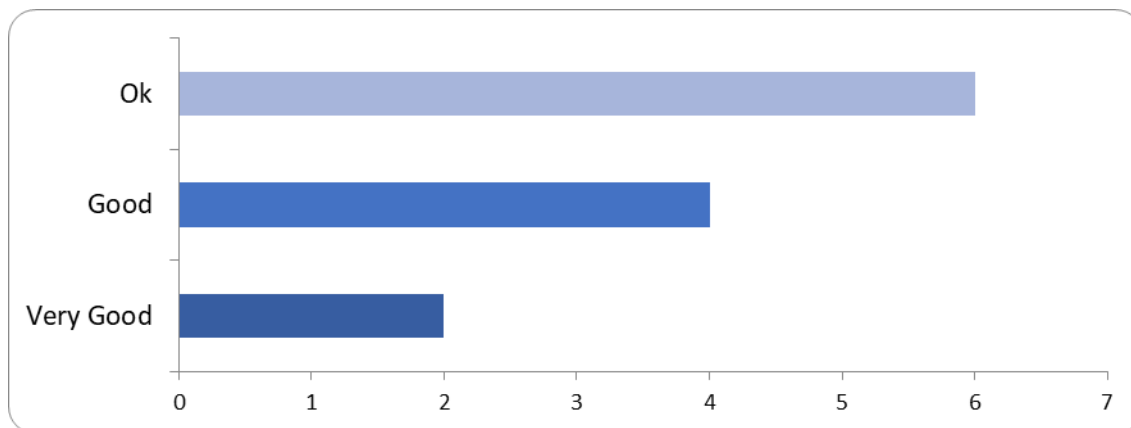
### Understanding Social Value in Procurement – Survey Results Summary

The survey ran from 20/10/2022 to 04/11/2022 and was emailed to 40 staff who are either commissioners or who have a contract management role and who have procured a contract over the £100,000 social value threshold.

There were **12** responses to this survey out of the **40** staff and the response rate was **31%**.

The survey was made up of a number of questions with a fixed response using a quantitative 5 point rating scale and follow up, free response questions which provided qualitative comments and responses.

**Question: How would you rate your understanding of the Social Value requirements in the procurement process?**



Option	Total	Percent
Very Poor	0	0.00%
Poor	0	0.00%
Ok	6	50.00%
Good	4	33.33%
Very Good	2	16.67%
Not Answered	0	0.00%

There were 12 responses to this question.

All respondents rated their understanding as **Ok**, **Good** or **Very Good**, with 50% (6 respondents) rating their understanding as **Ok**, 33% (4 responses) as **Good**, and 17% (2 responses) as **Very Good**.

**When asked what would improve their knowledge of social value some of the responses included the following.**

Those who rated their understanding of social value requirements as **Very Good or Good** said:

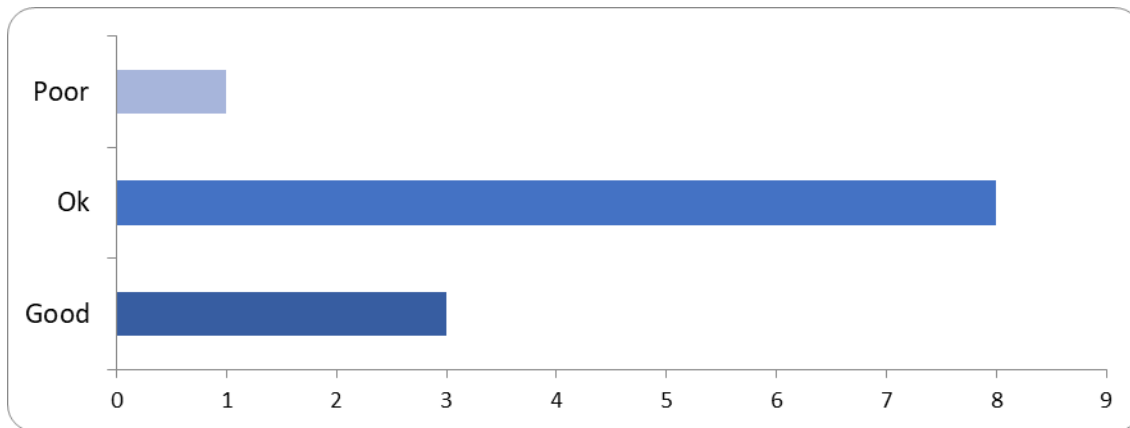
- Providing updates on what social value ESCC is achieving through contracted services across departments.
- Collective discussions in teams about how best to use the social value approach.
- More detailed discussion at start of a tendering/retendering process between commissioners and procurement colleagues.
- An on-line guide to social value and some guidance on what is realistic and appropriate to expect from small VCSE organisations.

Those who rated their understanding of SV requirements as **Ok** said:

- Short training sessions and support for contract managers on how to achieve social value in practice.
- Short written guide or PowerPoint guide highlighting key/essential points with examples of good practice, including priorities and how it is measured.

**Question: How would you rate the support and documentation for including Social Value requirements in contracts?**

There were 12 responses to this question.

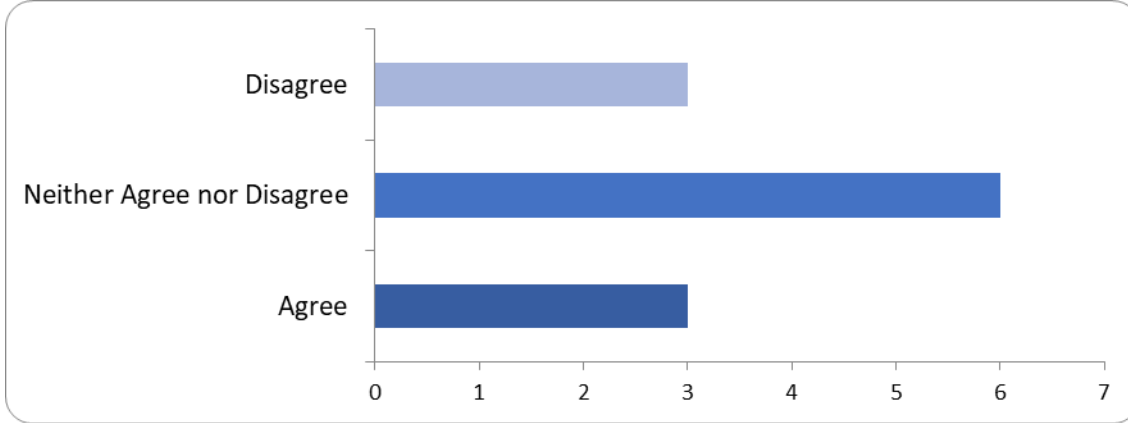


Option	Total	Percent
Very Poor	0	0.00%
Poor	1	8.33%
Ok	8	66.67%
Good	3	25.00%
Very Good	0	0.00%
Not Answered	0	0.00%

The majority of respondents thought the support and documentation was either **Ok** (67%) or **Good** (25%), with only 1 respondent rating it is as **Poor**.

**Question: How far do you agree with the statement that “the policies and procedures for Social Value and clear and easy to understand”?**

There were 12 responses to this question.

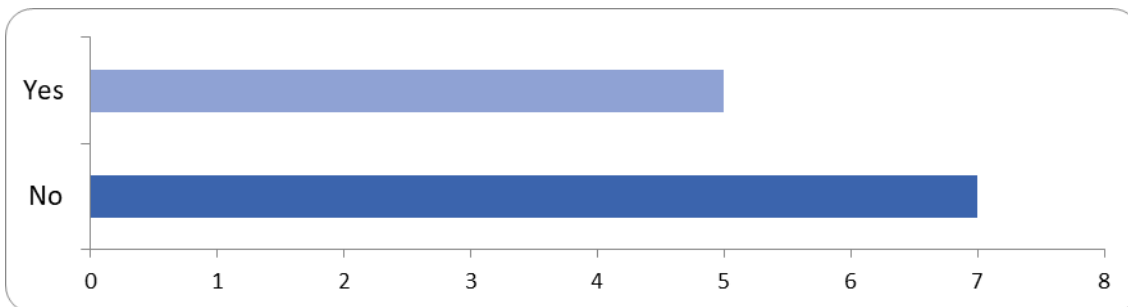


Option	Total	Percent
Strongly Disagree	0	0.00%
Disagree	3	25.00%
Neither Agree nor Disagree	6	50.00%
Agree	3	25.00%
Strongly Agree	0	0.00%
Not Answered	0	0.00%

The response to this question were very evenly split with 50% (6 respondents) **Neither Agreeing nor Disagreeing** with this statement. 25% (3 respondents) **Agreed**, and 25% (3 respondents) **Disagreed**.

**Question: Have you used the Orbis Social Value Charter?**

There were 12 responses to this question, with just over half (7 responses) saying they had not used the Charter.

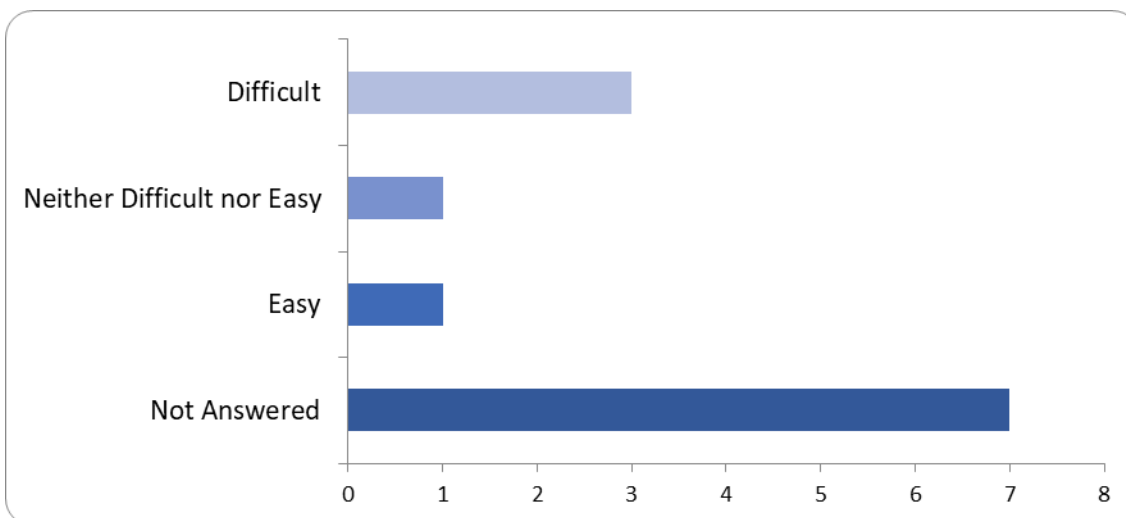


Option	Total	Percent
Yes	5	41.67%
No	7	58.33%
Not Answered	0	0.00%

**Question: If you have used the Orbis Social Value Charter, how easy is it to use?**

There were 5 responses to this part of the question, with 3 out of 5 saying they found it difficult to use.

Note that those who did not answer Yes to Q5 will not have answered this question.



Option	Total	Percent	
Very Difficult	0	0.00%	
Difficult	3	25.00%	
Neither Difficult nor Easy	1	8.33%	
Easy	1	8.33%	
Very Easy	0	0.00%	
Not Answered	7	58.33%	

**When asked how they would improve the Charter some of the suggestions made were:**

- Although difficult to use at first, after repeated use it becomes much easier, suggesting that the Charter might be more suitable for those who are frequently procuring contracts.



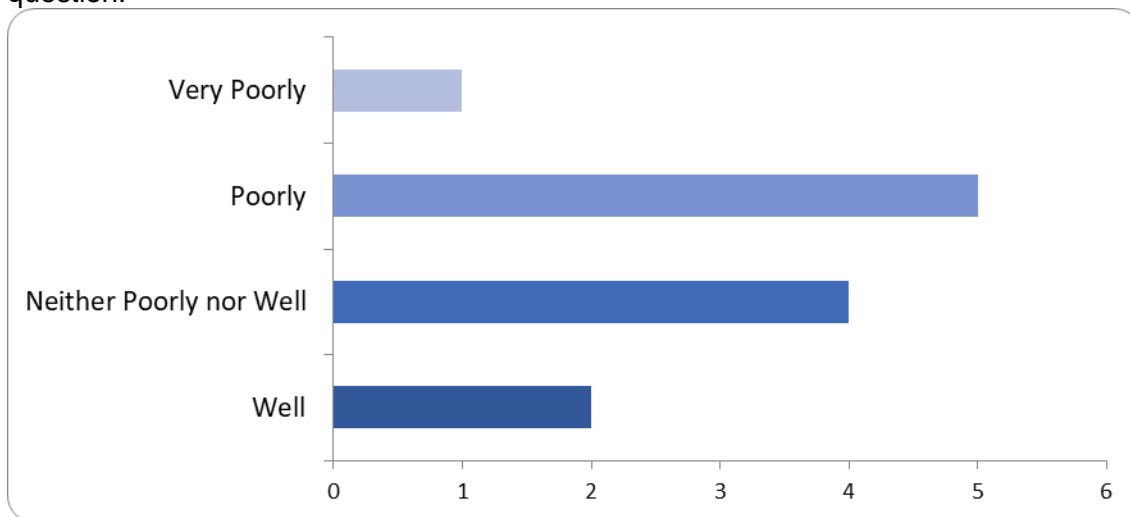
- Having examples of social value gained from contracts by service area would enable commissioners to better understand the art of the possible.
- Having discussions in teams about how best to use the social value approach, including what has worked and not worked against the specific TOMs.
- Having more flexibility in the approach, ensuring commissioners are aware that the Charter can be tailored to individual contract requirements.

Of those respondents who had not used the Charter the reasons given for not using the Charter were:

- they were not aware of it (2 responses) and
- it was difficult to find on the intranet (1 response).

**Question: Internally within East Sussex County Council, how well do you think Social Value principles are communicated and understood?**

There were 12 responses to this question.



Option	Total	Percent
Very Poorly	1	8.33%
Poorly	5	41.67%
Neither Poorly nor Well	4	33.33%
Well	2	16.67%
Very Well	0	0.00%
Not Answered	0	0.00%

50% of respondents stated that they thought social value principles were either **Poorly** (5 responses) or **Very Poorly** (1 response communicated and understood. 33% (4 responses) thought they were communicated **Neither Poorly nor Well** and 17% (2 responses) thought they were communicated **Well**.

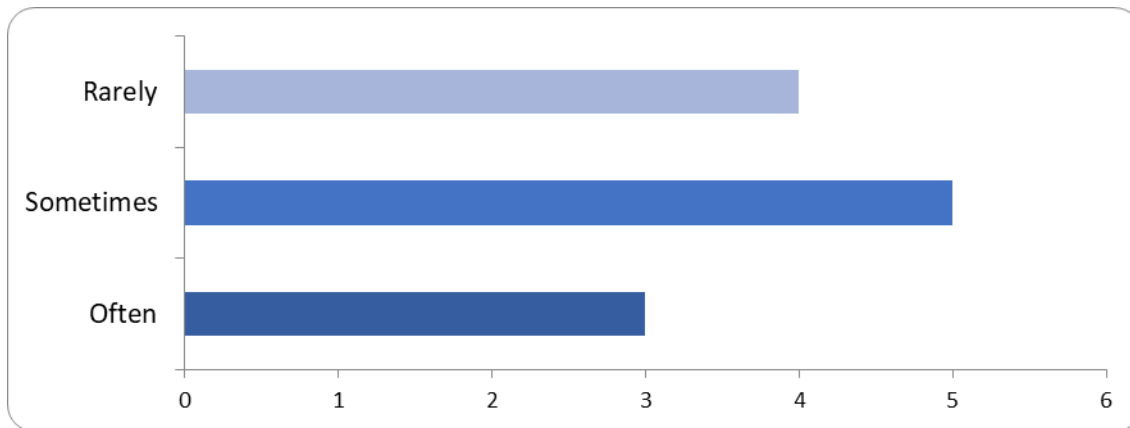
**When asked if there were any improvements they would like to see, some of the suggestions for improvements included:**

Suggestions for improvement included:

- Targeting social value requirements at much larger, commercial contracts.
- A move to more qualitative measures for social value is developed, which can be adapted for different markets and service areas.
- More emphasis on the social value aspect of procurement, to help the contractor and the end user in procurement projects and making it clear that the Social Value Charter tool can be edited for individual projects.
- The Procurement Team to remind commissioners to view the suite of documents available (including examples) when starting a procurement process, and the requirement to monitor and measure social value once the contract is awarded.
- Provide examples of the difference social value makes and how it can be used imaginatively in procurement processes – i.e. what ‘good’ looks like.

**Question: Do you have the time and resources you need to monitor the delivery of the Social Value offers made as part of contract procurement?**

There were 12 responses to this question.



Option	Total	Percent
Never	0	0.00%
Rarely	4	33.33%
Sometimes	5	41.67%
Often	3	25.00%
Always	0	0.00%

<b>Not Answered</b>	0	0.00%
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33% of respondents said they **Rarely** had time to monitor the delivery of social value commitments. Just over 40% (5 responses) replied **Sometimes** and 25% (3 responses) **Often**.

**When asked if it would be beneficial to have central resources in the Procurement Teams to help monitor the delivery of social value requirements in contracts**

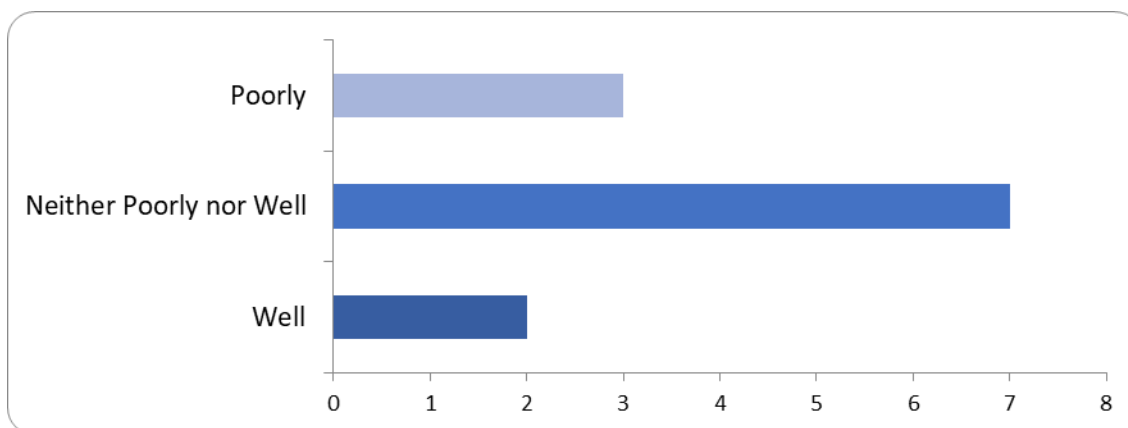
Just over 90% (11 responses) said **Yes** it would be beneficial to have some central resources.

Those who answered **Yes** to this question gave the following reasons for their response:

- All teams are stretched with staff retention an issue. This can often leave little time for anything above and beyond service delivery. Monitoring social value delivery during covid has been difficult, with some providers experiencing significant staffing pressures.
- The Procurement Team could share rolling updates on social value gained across service areas, highlighting successes and difficulties in specific Themes, Outcomes and Measures. This will enable commissioners and the Procurement Team to know what works and doesn't work in relation to gaining good social value.
- Social value could be added to regular contract review meetings, but at present the focus is on delivering Key Performance Indicators and outcomes set out in the service specification.
- It would be useful to measure social value and review where it is met to inform future social value opportunities. This could be shared so it is possible to understand across the organisation the impact this is making and how the approach can be improved.
- There is very little assistance after contracts have been procured. Support to help contract managers understand how to gain social value and embed within the organisation would be time well spent if the Council wants to lever in and maximise social value. It would be helpful to be guided on what 'good' looks like.
- Currently, all input from the Procurement Team ceases at the point of contract award, and sometimes Procurement have had the most involvement in evaluating social value responses from bidders. It can then be difficult to monitor and evaluate the real impact and delivery of social value throughout the life of the contract, especially if the successful bidder does not have the relevant people to monitor and review social value commitments.

**Question: From your experience, how well do you think businesses and organisations in the supply chain understand the Social Value requirements we include in commissioning?**

There were 12 responses to this question.



Option	Total	Percent
Very Poorly	0	0.00%
Poorly	3	25.00%
Neither Poorly nor Well	7	58.33%
Well	2	16.67%
Very Well	0	0.00%
Not Answered	0	0.00%

Respondents fairly evenly split in their views. 25% (3 responses) thought ESCC's social value requirements were **Poorly** understood by business organisations; 58% (7 responses) **Neither Poorly nor Well**; and 17% (2 responses) **Well** understood.

**When asked if there is anything more ESCC could do to assist bidding organisations in understanding social value:**

Those who answered **Poorly** said:

- Target social value at larger, commercial contracts were there is genuine potential for social value benefits to be delivered.
- Improve marketing of the social value marketplace and provide online webinars or videos to bring this to life and what has been achieved.
- More engagement at the outset of a procurement activity, highlighting the importance of social value as opposed to it being described as something we just all need to do.

Those who answered **Neither Poorly nor Well** said:

- Work with suppliers and contract managers to help them understand the social value requirements, particularly SME type organisations.
- Create examples and case studies of where social value works well, highlighting the Themes, Measures and Outcomes that will bring the best social value to people and communities across East Sussex, and help meet the Priorities of ESCC and our partners.

- Some organisations are very clear about what social value means and will push the council to use it more, others will be disinterested. It would be helpful to provide information on the benefits of social value, as well as case studies and examples of how to use it creatively.
- Have guides and examples that could be shared with business organisations relevant to their service or business sector.

## Appendix 3 – Keep it Local

The six Keep it Local Principles are explored in a series of essays along with examples of how they can be put into practice.

### **Principle 1: Think about the whole system not individual service siloes**

Across the country, people are beginning to think very differently about public services. At the heart of this is a growing recognition of the complex nature of social problems and the need to work as a whole system to address them.

*The starting point in this journey varies from place to place. Some are developing new principles across a whole system; others are innovating in a part of the system to catalyse wider change. But it is clear that a new world is emerging which requires not just new practice, but a change in the way we think about how social change happens and a new language to enable it.*

### **Principle 2: Co-ordinate services at a neighbourhood level**

We live our lives in neighbourhoods – so it makes sense for them to be the starting point for how we think about services. Working at a neighbourhood level – with communities who understand both the challenges local people face and the strengths they have to overcome them – can help find creative solutions to seemingly insurmountable problems.

*Councils can support good neighbourhoods in two main ways: by sustaining local places and spaces, and by working with local organisations to support social interaction. In so doing, they can tap into the strong local networks and trusting relationships that have been built up over time – and are ready to be drawn on when a crisis hits.*

### **Principle 3: Increase local spend to invest in the local economy**

The rise of community wealth building presents an opportunity for local authorities – working alongside other anchor institutions – to lead the way in creating economies that work for local people.

*A progressive approach to procurement is central to this agenda – but it does not stop there. Community wealth building is a suite of activities which seeks to reorganise the local economy and build greater levels of economic and social justice.*

### **Principle 4: Focus on early intervention now to save costs tomorrow**

Traditional models of public service provision were invented in different times to address different challenges. As such, the state-led or market-driven approaches of the past are simply not set up to enable us to move away from crisis mitigation towards early intervention and prevention.

*So now we need to make a decisive shift to the community: to mobilise the strengths that exist locally, and harness them in the name of early intervention and prevention. Under this new “Community Paradigm”, public services would be designed and delivered by and with communities themselves.*

### **Principle 5: Commit to your community and proactively support local organisations**

It's vital that councils understand the particular value that local community organisations bring to a place. A strong and active civil society is an inherently good thing whether or not it is commissioned to deliver public services.

*There are all sorts of positive ways in which local authorities can build strong relationships with the community sector – listening to campaigning groups, providing small grants, supporting community asset transfer, involving local people in planning and development decisions. What is crucial is to create an environment where local community organisations can flourish.*

**Principle 6: Commission services simply and collaboratively so they are “local by default”**

The EU procurement rules are often held to have imposed burdensome obligations that inhibit commissioning good sense. Yet the true villain is to be found much closer to home: domestic, bureaucratic institutionalism.

*Commissioners can and should embrace the possibilities within our current regulations to prioritise social purpose and social value; and build strong partnerships with the local community.*