

**PLACE SCUTINY COMMITTEE - SCRUTINY REVIEW OF PROCURMENT: SOCIAL VALUE & BUYING LOCAL – ACTION PLAN**

<b>SCRUTINY RECOMMENDATION</b>		<b>DIRECTOR'S RESPONSE AND ACTION PLAN</b>	<b>TIMESCALE</b>	<b>UPDATE 14<sup>th</sup> February 2024 (6-month update)</b>
R1.	<p><b>The Review Board recommends that the Council undertakes further communications, training and engagement activity, informed by feedback from the Board's survey, with:</b></p> <p><b>a) departments – focused on social value requirements and using the Social Value Charter including examples of what 'good' looks like; and</b></p> <p><b>b) with organisations in the supply chain, including providing case studies to ensure the Council's approach to social value requirements is well understood.</b></p>	<p><b>Regarding (a)</b></p> <ul style="list-style-type: none"> <li>• Relating to Recommendation 9 - the pilot using qualitative approaches in ASC (see end of table) - engagement with the service will take place to support that pilot.</li> <li>• In areas not immediately impacted by the pilot, material is being developed for the Procurement Academy – a learning platform that will be available to procurement and non-procurement staff – concerning social value.</li> </ul> <p><b>Regarding (b)</b></p> <ul style="list-style-type: none"> <li>• Material for external suppliers has been developed for Surrey County Council and is available on their external website and their Social Value Marketplace. The intention is to utilise this material, tailored where appropriate, for the ESCC website. Note however the ESCC website is being reviewed and revised by the website owners and this may delay</li> </ul>	12 months from Cabinet's acceptance of recommendations	<p><b>Regarding (a)</b></p> <ul style="list-style-type: none"> <li>• Engagement with stakeholders in terms of the pilot has been positive – see update to R9(a) below (last row of table).</li> <li>• Social Value guidance has been developed and is currently under review prior to publication.</li> </ul> <p><b>Regarding (b)</b></p> <ul style="list-style-type: none"> <li>• The lack of a Social Value Lead (currently on maternity leave) has hindered progress on enhancing externally facing material to aide suppliers with the current ESCC SV approach.</li> <li>• Please note that, should the trial be successful, and the recommendation be made to adopt the model more widely, then the approach of making a web-based version of the ultimately adopted social value model (i.e. a version tailored to ESCC's needs) for inclusion on the ESCC website - in line with current developments in BHCC - would take the place of any previously planned external comms. Any such proposal will be included in the final end-of-trial report.</li> <li>• Supplier engagement where it has taken place under the SVM trial has been positively received - see update to R9(a) below (last row of table).</li> </ul>

		<p>progress as it is beyond Procurement's control.</p> <ul style="list-style-type: none"> <li>• Procurement is working with the ESCC comms team to raise awareness of the Councils approach to Social Value.</li> <li>• Engagement for ASC suppliers will be considered as part of the pilot and is likely to include workshops provided by Cabinet Office (dependent on Cabinet Offices willingness to deliver sessions previously suggested by them).</li> </ul>		
R2.	<p><b>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.</b></p>	<ul style="list-style-type: none"> <li>• PM3 was implemented in October 2022, and the “hyper-care” of implementation support is nearing an end. For all projects started in FY23/24, social value benefits committed to as part of the tender process will be recorded in the system.</li> <li>• At 6 and 12 months a KPI showing percentage of projects with recorded SV commitments will be provided to show progress on this recommendation.</li> </ul>	<p>Implementation from point of acceptance of recommendations by Cabinet. KPI for success to be reviewed in 6 and 12 months.</p>	<ul style="list-style-type: none"> <li>• Recording of Social Value commitments obtained through procurement are now routinely recorded in PM3.</li> <li>• For FY22/23, the year in which the system was implemented mid-year, 8.3% of projects in-scope for social value had benefits recorded by year-end.</li> <li>• At this point in FY23/24 just under 30% of projects started and awarded this year have recorded SV benefits, a number that will increase before the end of the FY.</li> </ul>
R3.	<p><b>The Board Recommends a service-based reporting requirement is introduced on the delivery of social value commitments which is reviewed quarterly at departmental</b></p>	<ul style="list-style-type: none"> <li>• A report of SV commitments made at the point of contract can be generated from PM3 from whenever stakeholders require it, and at an agreed frequency (suggest quarterly).</li> <li>• Note this is for in scope projects, i.e. those commenced post PM3</li> </ul>	<p>Can be implemented upon CLT confirming they wish to proceed.</p>	<ul style="list-style-type: none"> <li>• Reporting infrastructure now in place.</li> <li>• Testing of output of report (e.g. data quality and usability of output) still to be completed.</li> <li>• Trial of SV reporting therefore remains to be undertaken.</li> <li>• Some questions over extent to which Contract Management Advisory Service (CMAS) in ESCC may supersede this; the</li> </ul>

	<b>management team meetings.</b>	<p>go live, and suggest from start of FY23/24.</p> <ul style="list-style-type: none"> <li>• It would then be for contract managers to complete the degree to which these benefits had been delivered.</li> <li>• Agreement to be reached with service stakeholders and senior officers to whom this report is to be made and when, and the mechanisms for services to complete information on the delivery of SV commitments, and whom to report to.</li> </ul>		<p>SCC CMAS trial includes gathering SV commitments made at contract stage into service contract management dashboards, however the current scope of the ESCC trial has not allowed for this (due to limited scope and budget).</p> <ul style="list-style-type: none"> <li>• Please note this update is linked to that for R4 below.</li> </ul>
R4.	<b>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.</b>	<p>This could be added to an existing business case being presented for a pilot 'Contract Management Advisory Service'. A similar pilot service is already underway in SCC and adding additional specific Social Value resource would mean that:</p> <p>A) As the post would be on a fixed term basis to prove the concept, this will reduce the long term financial risk.</p> <p>B) By embedding this within the CMAS team, the Social Value lead would have support from the wider team.</p>	<p>Resource could be in place within three months of the business case being approved - Circa July 2023 if approved in April – and is to be considered alongside other draws on resources.</p>	<ul style="list-style-type: none"> <li>• The CMAS pilot on ESCC did succeed in securing funding, but the value of funding and the scope of work attached to it has not allowed for enhancements to SV monitoring at this stage.</li> <li>• Decisions will therefore have to be taken as to whether securing additional resource as per this recommendation is considered as part of future CMAS developments, or independently of it, in circumstances where it is understood there is limited to no funding for such additional posts at this point in time.</li> <li>• Any such resource would support the delivery of R3 and R4.</li> </ul>
R5.	<b>The Board recommends that suppliers are required to monitor and report on their delivery of social</b>	<ul style="list-style-type: none"> <li>• Commitments of SV should be included in contracts by way of attaching the agreed charter</li> </ul>	<p>Ongoing</p> <p>Outcome of trial in 12 months from</p>	<ul style="list-style-type: none"> <li>• SV Charters, when used in tenders, form part of contractual commitments made by suppliers.</li> </ul>

	<p><b>value as part of their contract through the use of Key Performance Indicators (KPIs).</b></p>	<p>and, where appropriate, by the inclusion of a specific SV KPI.</p> <ul style="list-style-type: none"> <li>• Procurement to undertake spot checks that this is occurring by way of retrospective quality review process due to commence in April 2023 (and run every 6 months).</li> <li>• Such contractual commitments would be a pre-cursor required to oblige suppliers to report on SV delivery.</li> <li>• Procurement is looking to trial supplier SV reporting in two upcoming procurements, subject to commitments from contract managers to support the trial.</li> </ul>	<p>date of acceptance of recommendations (to allow time for tender completion and time under contract).</p>	<ul style="list-style-type: none"> <li>• Scope of procurement QA review process reduced to annual due to resource constraints.</li> <li>• There has therefore not been a QA review since confirmation of this Action Plan.</li> <li>• The next QA review is therefore due to occur in April 24 and will include spot checks of SV commitments in contracts.</li> <li>• The first project for which to trial SV reporting has been identified (Electric Vehicles Chargepoint Infrastructure).</li> <li>• Those tenders involved in the SVM trial have had their SV commitments forwarded to the relevant Service Contract Manager and follow up enquiries will consider how effective this was.</li> </ul>
R6.	<p><b>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.</b></p>	<ul style="list-style-type: none"> <li>• The Social Value Review Group – comprised of various stakeholders across ESCC – update the Needs and Priorities (Strategies) document periodically (target 6 monthly), to reflect the overall needs and priorities of ESCC.</li> <li>• Procurement recommends that it is then down to the Service Leads, Commissioners etc to consider what SV is most appropriate to target within their service areas and would implore Senior Officers to require them to do so (as Procurement does not have a mandate to do this, though could support via</li> </ul>	<p>Needs and Priorities document updated 6 monthly.</p>	<ul style="list-style-type: none"> <li>• Scheduled update to Needs and Priorities document winter 23/24 has been delayed due to SV Lead's maternity leave.</li> <li>• Next refresh due to commence July 2024 on her return.</li> </ul>

		<p>Procurement Partners and SV Lead).</p> <ul style="list-style-type: none"> <li>For example, ESCC could consider Social Value Champions across commissioners / service leads, mirroring the structure in place in SCC to support in the process; the key requirement though is service / commissioner participation in the process.</li> </ul>		
R7.	<p><b>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.</b></p>	<ul style="list-style-type: none"> <li>This is linked to recommendation 1 and will be included in all applicable guidance.</li> <li>The Charter is due its annual refresh in Spring 2023, and guidance will be enhanced in tandem with this refresh.</li> </ul>	12 months from Cabinet approval of recommendations	<ul style="list-style-type: none"> <li>Enhancement of guidance drafted and under review (as per R1(a)).</li> <li>See more detailed trial update against R9(a) for details of working with stakeholders on narrowing down SV requirements in any given tender.</li> </ul>
R8.	<p><b>The Review Board recommends that:</b></p> <p><b>a) Clear guidance is given to suppliers and commissioners on where to include carbon reductions measures in contracts and bids.</b></p> <p><b>b) Consideration is given to amending the Orbis Social Value Measurement</b></p>	<p><b>Regarding (a):</b></p> <ul style="list-style-type: none"> <li>This will be developed as further implementation and embedding of the Environmentally Sustainable Procurement Policy, and the new ESCC Senior Policy Lead – Carbon Reduction (scope 3), due to commence post April 2023.</li> </ul> <p><b>Regarding (b)</b></p> <ul style="list-style-type: none"> <li>This can be addressed in supporting guidance (as per</li> </ul>	Progress to be reported in 12 months	<p><b>Regarding (a):</b></p> <ul style="list-style-type: none"> <li>Lead Member currently being briefed on proposed revisions to the Environmentally Sustainable Procurement Policy, which includes adding the requirement for Carbon Reduction Plans, where applicable, in line with Central Government Procurement Policy.</li> <li>Engagement has been undertaken in several sectors of the Councils' supply chain on the Policy and carbon reduction requirements and has been included in a number of procurements during 2023/24.</li> </ul>

	<p><b>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.</b></p> <p><b>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.</b></p>	<p>recommendation 1), and in collaboration with the new ESCC Senior Policy Lead – Carbon Reduction (scope 3).</p> <ul style="list-style-type: none"> <li>Note carbon reduction plans only really serve a purpose where there is a baseline to measure against, often a challenge for smaller suppliers and those in certain sectors.</li> </ul> <p><b>Regarding (c)</b></p> <ul style="list-style-type: none"> <li>Select ESCC suppliers in the top 4 highest emitting categories are in the process of being surveyed and invited to workshops on this topic.</li> <li>This work will continue and be developed further by the new ESCC Senior Policy Lead – Carbon Reduction (scope 3).</li> </ul>	<p><b>Regarding (b):</b></p> <ul style="list-style-type: none"> <li>The ESCC Senior Policy Lead – Supply Chain Decarbonisation has proactively been through Procurement Forward Plans to engage with colleagues and stakeholders on those procurements that need to target carbon reduction.</li> <li>Carbon reductions measures, when included in procurements and contracts, are done outside of the Social Value Measurement Charter and linked to standalone specification, criteria and contractual requirements.</li> <li>Re: Note – comprehensive analysis and baselining of emissions has been undertaken for the last 3 financial years allowing us to better understand and target high impact contracts and suppliers. The collection of carbon reduction plans and data from suppliers will help us report more accurately and measure progress of requirements and targets included in specifications and contracts against this baseline.</li> </ul> <p><b>Regarding (c):</b></p> <ul style="list-style-type: none"> <li>A trial of a carbon reporting platform is about to kick-off in SCC. The ESCC Senior Policy Lead – Supply Chain Decarbonisation has been closely involved in the development of the pilot, as the belief is should the platform be a success, it can be easily replicated in ESCC.</li> <li>The platform includes a mechanism that, if successful, will allow any supplier signed up</li> </ul>
--	---	--	---

				<p>to it to generate a proposed carbon reduction plan based on the metrics they input into the system.</p> <ul style="list-style-type: none"> <li>• Suppliers from 4 key sectors were engaged in collaboration with Surrey CC giving us greater insight and understanding of the maturity, opportunities and barriers in each one, this has been used to inform our Scope 3 reduction strategy and pathway which has been presented to the Climate Emergency Board.</li> <li>• Supplier and contract manager/ commissioner engagement has been undertaken in several areas including support and guidance for local SMEs (for example construction and FM) allowing us to make progress on measuring and reporting emissions. This will be rolled out further and wider, in collaboration with SCC and BHCC colleagues.</li> </ul>
R9.	<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</b></p>	<p><b>Regarding (a):</b></p> <ul style="list-style-type: none"> <li>• Design of proposed pilot underway.</li> </ul> <p><b>Regarding (b):</b></p> <ul style="list-style-type: none"> <li>• Outcome of pilot to be reported as required.</li> </ul>	<p>12 months from approval of pilot + 2 months for completion of report.</p> <p>Interim updates as required to CMT</p>	<p><b>Regarding (a):</b></p> <ul style="list-style-type: none"> <li>• Four potential projects were identified for the pilot, though 1 was subsequently dropped due to no responses to the tender.</li> <li>• Projects ultimately in scope of the Trial were: <ul style="list-style-type: none"> <li>○ Plan ID 2647 - Direct Payment Support Services</li> <li>○ Plan ID 8656 - Integrated Health and Wellbeing Service</li> <li>○ Plan ID 2653 - Mental Health Support Service</li> </ul> </li> <li>• All of these tenders have now concluded, contracts have been awarded, and the team are now feedback gathering and reviewing the pilot.</li> </ul>

	<p><b>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>			<ul style="list-style-type: none"> <li>• Summary of findings thus far includes: <ul style="list-style-type: none"> <li>○ The model allowed for a wide range of responses; some more experienced bidders can offer firm commitments within their responses in addition to the core service, others used examples of what would be provided within the service remit.</li> <li>○ The model was positively received at market engagement as there was no requirement to assign a financial envelope to the response meaning smaller organisations and charities felt they could offer ideas and solutions as well as commitments to employment. It also gave the market the opportunity to focus on specific SV options that were in relation to the service being provided which is not always clear when using the charter for social care procurement.</li> <li>○ The use of the questions and the guidance was received well by the evaluators, and they found the scoring matrix easy to use and clear. Although they found it harder with some responses to identify clear commitments, however there is scope to address these through clarifications.</li> <li>○ The qualitative (question-based) approach was favoured by the tender evaluators as it gave an option to review how the bidders viewed the social value requirements and allowed SME/charities the option to offer social value in a varied way with the option to</li> </ul> </li> </ul>
--	---	--	--	--

				<p>fully explain what they are wishing to achieve with their proposal.</p> <ul style="list-style-type: none"><li>○ Stakeholders reported feeling like they got a lot more information on Social Value in the Bidder response than we would previously receive when using the Social Value Charter.</li><li>○ It may have been advantageous to request the commitments to be clearly identified as part of the response to help support meeting the KPI.</li><li>○ The 'Social Value Model themes with their corresponding Outcome and Model Award Criteria (MAC)' document was helpful in guiding possible themes to then detail the questions and prompts - it was effective to break up the panel for the SV evaluation and the score methodology was clear.</li><li>○ Essentially this new process for SV is more relevant and where the outcomes were linked better in relation to this tender, the bidder's responses are more deliverable.</li></ul> <p><b>Regarding (b):</b></p> <ul style="list-style-type: none"><li>● Action pending and full evaluation of trial is underway.</li></ul>
--	--	--	--	--