

**Agenda Item No. 7b**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**24 May 2016**

**Report of the Chief Executive**

**MAXIMISING SOCIAL VALUE THROUGH COMMISSIONING AND  
PROCUREMENT OF PUBLIC SERVICES**

**Strategic Policy, Economic Development and Budget**

**1. Purpose of the Report**

To update Cabinet on work taking place within the Council to maximise social value through the commissioning and procurement of services and to seek approval to consult on the Council's draft Social Value Strategy, Framework and Procurement Guidance.

**2. Information and Analysis**

**Background**

Social value is intrinsic to all of the services the Council commissions and procures. All of the services that the Council delivers ultimately relate to the achievement of the Council's aims for improving the lives of Derbyshire residents. Some commissioned services, such as those provided by voluntary sector organisations for people with mental health problems, have a clear social value and are closely linked to the priorities in the Council Plan and other key strategies.

However, even with services of this nature there is an opportunity to do more to produce social value with the authority's commissioning approach, whether this is ensuring that services are locally based and employ local people, creating apprenticeships, using ethically sourced goods or actively encouraging volunteering.

The [Social Value Act 2012](#) came into force on 31 January 2013. The Act places a requirement on commissioners (and procurement officers) to consider the economic, environmental and social benefits of their approaches to the procurement of public services. The Act does not require social value to be considered in contracts for goods procured by the Council, however the Government promotes the inclusion of social value in all contracts as best practice.

## In practice the Act means that:

*Commissioners (and procurement officers) should consider Social Value in the planning or review stages of the procurement cycle. Requirements should be included in the advert and it must be weighted transparently in the criteria. Once awarded the requirements should be included in the contract and should be measurable.*

Although there is not a prescriptive list of what additional social value benefits may be, the Act states that the commissioning authority must consider:

- a) How what is proposed to be commissioned or procured might improve the economic, social and environmental well-being of the relevant area
- b) How, in conducting the process of commissioning and procurement, it might act with a view to securing that improvement

## Social Value in Derbyshire

If the Council is to continue to deliver the services that local people need with fewer resources, there will need to be better targeted, more innovative and radical service delivery solutions. Maximising social value through the commissioning and procurement of public services should support the Council in achieving this aim.

Properly considering social value in commissioning and procurement can benefit the Council in a number of ways:

- **Improved service design and better outcomes** - This can be achieved through greater engagement with the community and service users.
- **Developing innovative ways to deliver services which directly create social value** - For example a mental health service could be delivered by an organisation that actively employs people with a history of mental health problems to help deliver the service. The individual would then be more socially included, having a say in how mental health services are run. It also means a local job for a local person.
- **Creating additional value** - This could be specific actions or activity that the provider will do as part of the contract, for example taking on an apprentice or providing equipment for a school playground. Alternatively it could relate to the provider organisation's ongoing behaviour, for example commitment to staff volunteering to support a local area.
- **Achieving efficiencies** - This could be more easily measurable efficiencies such as those achieved through more innovative and efficient service delivery, or harder to measure, for example, the creation of employment opportunities can help tackle poverty and deprivation and their associated costs within public spending.

There are a number of examples of commissioning and procurement in Derbyshire which aim to maximise social value. For example, Adult Care have built questions on social value into their tender specification. Consideration of social value aspects have also been included in some Economy, Transport and Communities (ETC) and Public Health contracts.

However, despite good examples within some service departments, activity to date has been limited and the actual value that has been achieved through this activity is hard to measure. Having an agreed strategy and framework for maximising social value through the commissioning and procurement of services in Derbyshire will ensure that there is a consistent approach to this work moving forward.

### **Developing the Council's approach**

Since September 2015, work has been taking place to develop the Council's approach. Research into approaches developed and used by other local councils has taken place. This has included a visit to Oldham MBC who developed their strategy and framework in 2013. Oldham's approach is now well established and the council has been working with the Cabinet Office, identifying ways in which the impact of social value can be better measured. The council works hard to coordinate activity and undertakes extensive contract management arrangements across all its departments to ensure that social value links to priorities and is seen as an important part of commissioning and procurement processes.

A small time limited task and finish group comprising representatives from departments has been established to support the development of work across the Council. The group have been working to produce a draft Social Value Strategy which sets out the aims, priorities and key actions required to develop the Council's approach. The draft Strategy, which is now attached at Appendix A to this report for consideration, seeks to outline the Council's overarching corporate approach to implementing the Public Services (Social Value) Act 2012 and recognises the potential of the approach to support the Council's overall aims and priorities. It also sets out the legislative requirements of social value and how this will be embedded in commissioning and procurement processes throughout the authority.

In addition, the following work has taken place:

- Development of a draft Social Value Framework for the Council, attached at Appendix B for consideration, which sets out the key outcomes and illustrative measures the authority will be seeking to achieve through commissioning and procurement moving forward.
- Production of draft Social Value Procurement Guidance, attached at Appendix C, which outlines a stepped approach to identifying social value for commissioners and procurement officers

- Identification of case study examples to illustrate the types of social value activity that other local authorities have sought, to support those undertaking procurement exercises
- It is proposed that social value will be included as a separate consideration in all future Cabinet, Cabinet Member and Council reports.

Initial consultation has taken place within departments to ensure that proposals are fit for purpose. However further consultation with the public and stakeholders will be required over forthcoming weeks.

### **Moving Forward**

The consultation process will be important in ensuring that the voluntary and community sector and, where appropriate, suppliers are able to input their views. During the period of consultation, work will take place to test the process on a range of forthcoming procurement exercises which are currently being identified by departments. In addition work will take place to develop a detailed action plan to support the Strategy. It is recommended that Cabinet receive a further report on the publication of the final draft Strategy and action plan following consultation with relevant stakeholders.

It is recommended that the action plan supporting the Strategy be monitored and reviewed on a regular basis with updates to Cabinet on a six monthly basis. The Strategy and Framework will be reviewed on an annual basis to ensure that it remains current and fit for purpose and an annual report produced at the end of each financial year.

A key challenge in the development of this approach will be the need to provide ongoing communication, training and engagement to ensure that those responsible for undertaking commissioning and procurement exercises are fully aware of proposals. A key priority in the Strategy is to develop a shared understanding of social value and the benefits the approach can bring to the authority. As such, work is taking place to develop a programme of training, engagement and communications. A one page summary on social value is currently being developed to support this alongside an awareness raising programme with heads of service, appropriate training for all members of staff with procurement/commissioning responsibilities and engagement with Elected Members and Strategic Directors to ensure that a clear and consistent message is supported at all levels.

### **3. Financial Considerations**

The use of social value principles is not intended to incur additional costs for the Council; rather it is intended as a means of getting additional value for Derbyshire as a whole from dealings with third parties who contract with the Council. This is, in many ways, similar to the use of the planning system to extract additional gain from applicants through S106 agreements and, latterly, the Community Infrastructure Levy.

#### **4. Legal Considerations**

The Public Services (Social Value) Act 2012 requires authorities to make the following considerations at the pre-procurement stage:

- How what is proposed to be procured might improve the economic, social and environmental well-being of the “relevant area
- How the contracting authority may act with a view to securing that improvement in conducting the process of procurement.

The Act applies to “public services contracts”, for which it gives the same definition as the PCR 2006. Mixed contracts for goods and services will only be covered if the value attributable to the services exceeds the value of the goods covered by the contract. Mixed contracts for works and services will only be covered if the works are only incidental to the main purpose of the contract.

#### **5. Social Value Considerations**

The development of a Social Value Strategy and Framework for the Council will ensure that the Council has a consistent and coordinated approach to social value which will help secure positive outcomes for local people and communities in Derbyshire.

#### **6. Other Considerations**

In preparing this report the relevance of the following factors has been considered; prevention of crime and disorder, environmental, equality and diversity, health, human resource, property and transport considerations.

#### **7. Background Papers**

Files and papers held in the Policy and Research Division

#### **8. Key Decision**

**No**

#### **9. Call-in**

Is it required that call-in be waived for any decision on this report? **No**

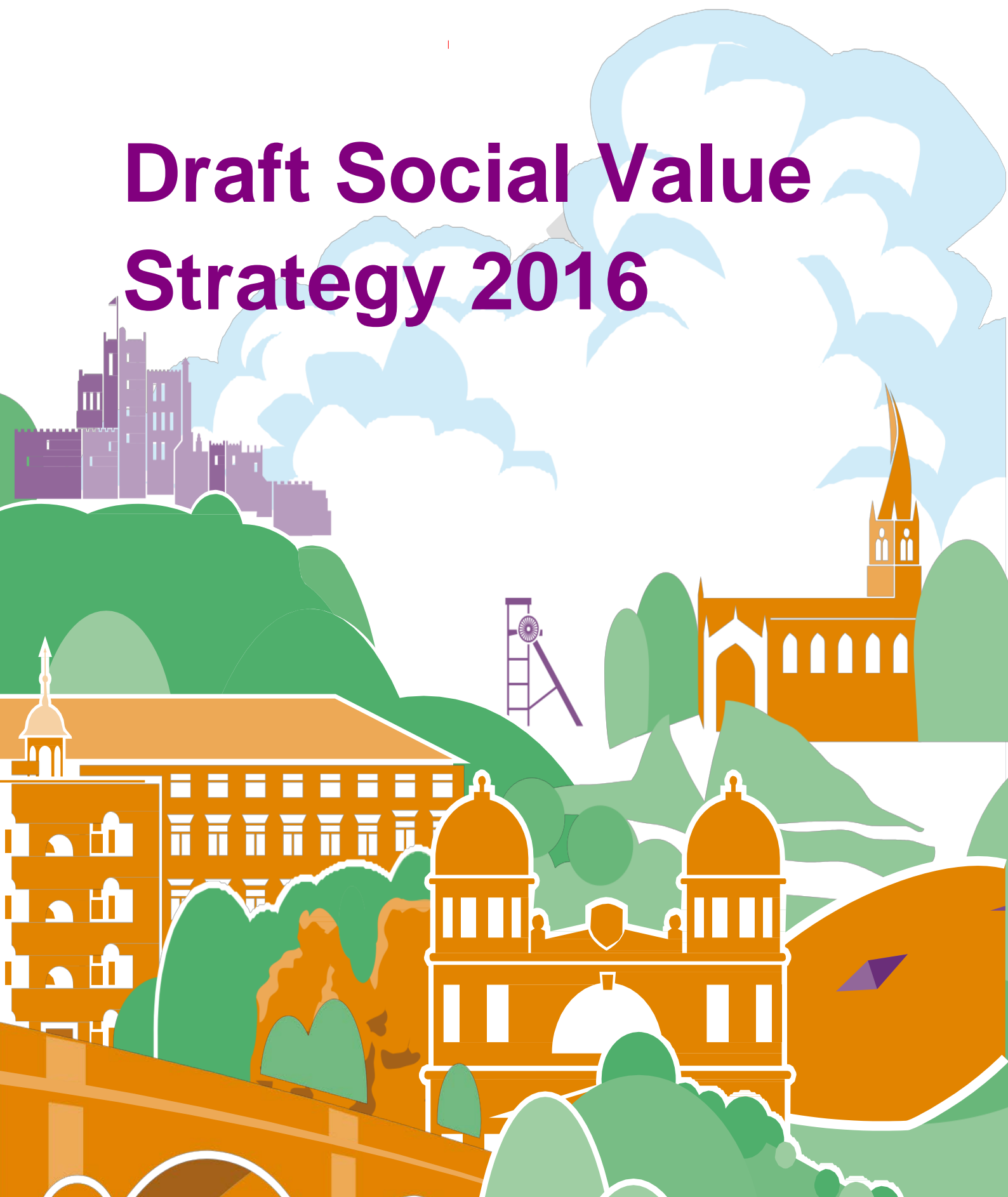
#### **10. Officer’s Recommendations**

It is recommended that Cabinet:

1. Approves the draft Social Value Strategy, Framework and Procurement Guidance for consultation.
2. Notes that it is intended that social value considerations will be included as a separate consideration in future Cabinet, Cabinet Member and Council reports.
3. Receives a further report regarding the publication of the full strategy and action plan following consultation with relevant stakeholders.
4. Receives reports on progress on a six monthly basis and an annual report at the end of each financial year.

**Ian Stephenson**  
**CHIEF EXECUTIVE**

# Draft Social Value Strategy 2016



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## Foreword

This is a challenging time for the Council as all departments are facing significant cuts to their budgets. Ongoing austerity has resulted in reductions in central government grants (which make up 68% of the Council's budget) and by 2021 it is estimated that the Council will have reduced its budget by £278m since 2010.

Despite these challenges the Council is committed to achieving its ambitious aims and objectives, set out in the Council Plan. This means ensuring that for every pound of Derbyshire money that the Council spends, as much value as possible must be achieved for local people. This principle is reflected in the Derbyshire Challenge which is about how the Council is dealing with the cuts by working more efficiently and looking for new ways of delivering services.

In order for the Council to continue to meet the needs of local people with fewer resources, officers will need to identify better targeted, more innovative and radical service delivery solutions when commissioning services. Maximising social value through the commissioning and procurement of public services provides the Council with a new opportunity to make this happen.

(Communications looking at this)

**Cllr Andy Botham**  
**Cabinet Member Council Services**

**Ian Stephenson**  
**Chief Executive**

## Introduction

This strategy sets out the Council's approach to implementing the Public Services (Social Value) Act 2012. It recognises the potential that social value has in supporting the Council's overall aims and priorities and its legislative requirements

The strategy describes how social value principles will be embedded across the authority's commissioning and procurement processes and demonstrates how these complement the authority's commitment to working with local people and partners to achieve better outcomes for local communities.

### **The strategy includes:**

- An introduction to social value and the Social Value Act
- The benefits of social value for Derbyshire
- Our aims, priorities and social value principles
- Key actions we will be undertaking
- Our approach moving forward
- Details of how we will measure and report progress

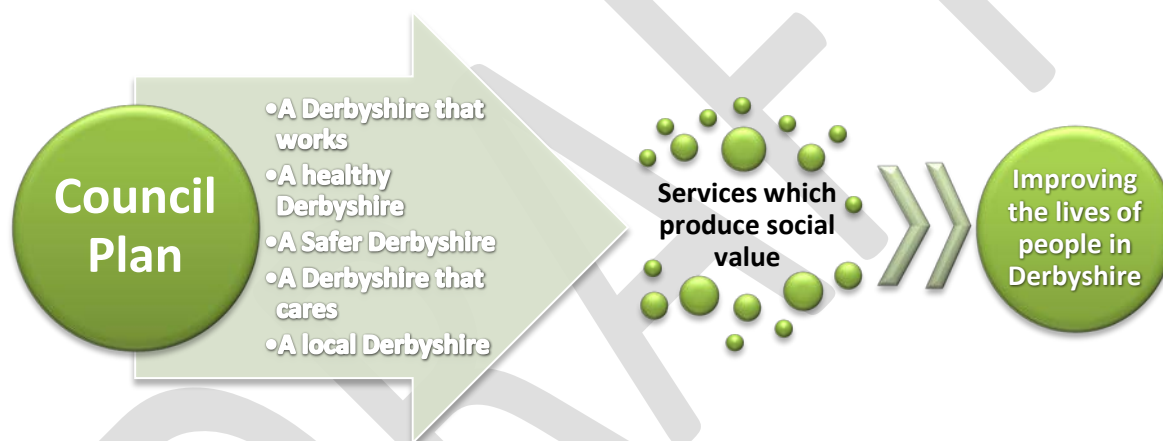
## Social Value

Social value is defined in the Public Services (Social Value) Act 2012 as economic, social and environmental wellbeing.

A social value approach encourages a way of thinking about how limited public resources are allocated and used to put:

**“The benefit to the community of a commissioning/procurement process over and above the direct purchasing of goods and services”**

It involves looking beyond the price of each individual contract and considering what the collective benefit to a community is when a public body chooses to award a contract.



Social value is intrinsic to all of the services the Council commissions and procures. All of the services that are delivered by, or on behalf, of the Council in Derbyshire ultimately relate to the Council's aims of improving the lives of Derbyshire residents. Some commissioned services, such as those provided by voluntary sector organisations for people with mental health problems, already have a clear social value and are closely linked to the priorities in the authority's Council Plan and other key strategies.

However, even with services of this nature there is an opportunity to do more to produce social value with the authority's commissioning approach, whether this is ensuring that services are locally based and employ local people, creating apprenticeships, using ethically sourced goods or actively encouraging volunteering.

## The Social Value Act

The Public Services (Social Value) Act 2012 came into force on 31 January 2013. The Act places a requirement on commissioners (and procurement officers) to consider the economic, environmental and social benefits of their approaches to the procurement of public services to secure extra benefits for their area when they are buying services. The Act applies to the pre-procurement stage of contracts because that is where social value can be considered to greatest effect. By considering social value before a procurement exercise starts, it can shape both the approach and design of the service required.

### **In practice the Act means that:**

**“Commissioners (and procurement officers) should consider Social Value in the planning or review stages of the procurement cycle. Requirements should be included in the advert and it must be weighted transparently in the criteria. Once awarded the requirements should be included in the contract and should be measurable.”**

The Act does not require social value to be considered in contracts for goods and works procured by the Council, or in contracts for services beneath the OJEU threshold. However, the Council will consider the inclusion of social value in all contracts in line with Government best practice.

There is not a prescriptive list of what additional social value benefits may be. Instead, the Act states that the commissioning authority must consider:

- a) How what is proposed to be commissioned or procured might improve the economic, social and environmental well-being of the relevant area**
- b) How, in conducting the process of commissioning and procurement, it might act with a view to securing that improvement**

The Act gives local authorities the freedom to determine what kind of additional social value would best serve the needs of local communities. Procurement and commissioning officers might, for example, consider additional value that tackles a key local issue, addresses a gap in service delivery or strengthens local communities in other ways such as contributing to the local economy. The additional outcomes achieved can be varied and wide ranging from creating apprenticeships or encouraging volunteering, to helping create and strengthen relationships with hard to reach groups within communities or supporting community activity with both physical and human resources. It is important that any social value requested must be relevant to what is proposed to be procured and proportionate to the size of the contract.

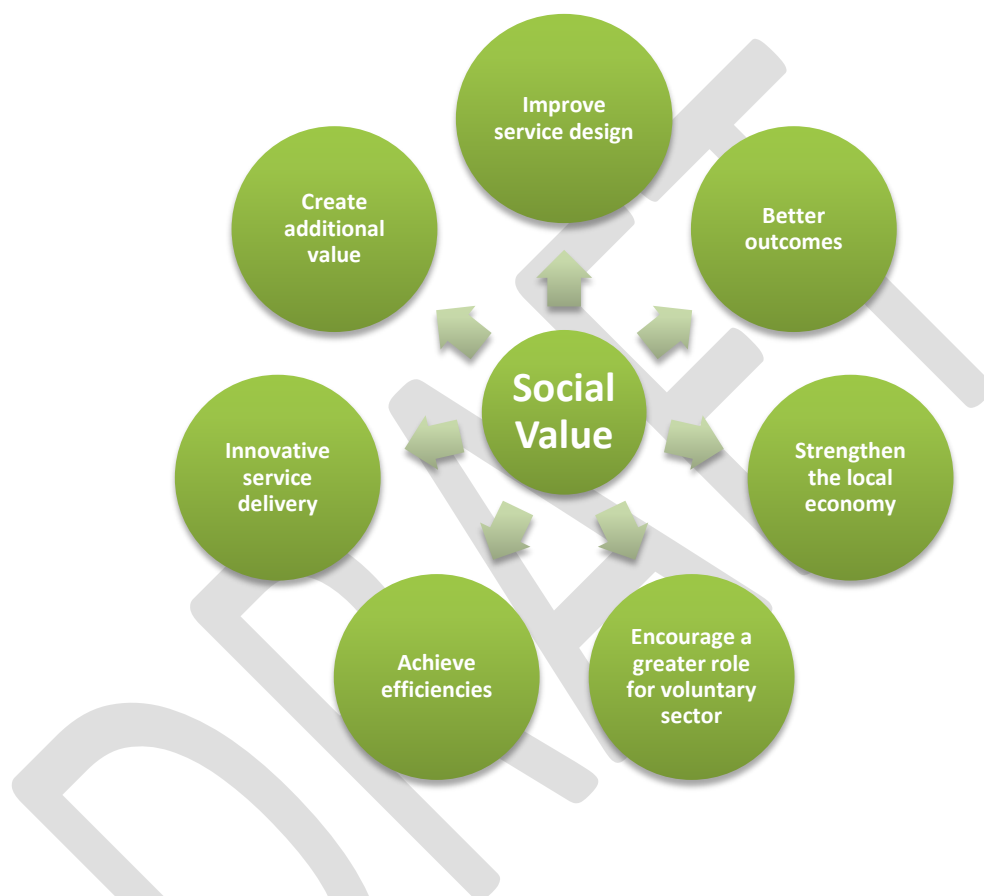
The social value approach facilitates a value for money approach rather than lowest cost, shifting the focus from the bottom-line price or cost of a service towards the overall value of the outcomes delivered. As well as what is delivered, *how* a service is delivered is also taken into consideration.

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## Social Value in Derbyshire

If the Council is to continue to deliver the services that local people need with fewer resources, there will need to be better targeted, more innovative and radical service delivery solutions. Maximising social value through the commissioning and procurement of public services should support the Council in achieving this aim.

### Benefits of a social value approach



Embedding social value within commissioning and procurement processes can benefit the Council and local people in a number of ways:

**Improved service design and better outcomes** – Greater engagement with residents, service users and providers at an early stage can lead to improved service design and better, more sustainable outcomes. As well as helping to achieve the best outcomes for communities and improve the quality of services, a social value approach could also lead to associated benefits across departments and support new providers to enter the market.

Commissioning for social value aims to encourage a wider range of organisations to enter the public services market both by winning contracts and by encouraging partnerships with contractors for delivering services.

**Developing innovative ways to deliver services which directly create social value**

- There is significant potential to directly create social value from the innovative delivery of services, for example a mental health service could be delivered by an organisation that actively employs people with a history of mental health problems to help deliver the service. Individuals would then not only be more socially included but would have a say in how mental health services are run. This also offers potential for local jobs being created for local people.

**Creating additional value** – Additional social value can also be created, which is not directly linked to the service being commissioned. For example, the provider might provide equipment for a school playground, support education, employment or training opportunities or alternatively they could change their ongoing behavior, for example, committing to staff volunteering to support a local area or introducing the UK living wage for their employees.

**Achieving efficiencies** - There are also likely to be more easily measurable savings within the Council through innovative and efficient service delivery. A range of efficiencies can be achieved through the social value approach, both across Council departments and public bodies (although these impacts can be difficult to measure accurately). For example, the creation of employment opportunities can help tackle poverty and deprivation and their associated costs within public spending.

## **Progress to date**

There are a number of examples of commissioning and procurement which have sought to maximise social value across Derbyshire. The County Council has, for example, built questions on social value into Adult Care's tender specification. Consideration of social value aspects have also been included in some Economy, Transport and Communities (ETC) and Public Health contracts.

More recently the Health and Wellbeing Board's voluntary and community sector investment project has explored how the principle of social capital can be incorporated into the commissioning of voluntary services for health and social care services. Recommendations to the Board on taking this forward have focussed on partner agencies adopting the principles of social value within their own organisations and developing frameworks to ensure social value is achieved in commissioning and procurement activity.

Despite good examples across some service departments, activity to date has been limited and the actual value that has been achieved through this activity is hard to measure. Having an agreed strategy and framework for maximising social value through the commissioning and procurement of services in Derbyshire will ensure that there is a consistent approach to this work moving forward.

## Aims, priorities and principles

To achieve the maximum benefits of a social value approach, the Council needs to formally and consistently consider social value in the decisions it makes when procuring goods and services. Increasing demand for services and ongoing budget reductions mean that it is more important than ever to ensure that for every pound of Derbyshire money that the Council spends, as much value as possible is achieved for local people.

Social Value has great potential to act as a tool to help commissioners seek value for money within a competitive process. By applying a social value approach consistently and proportionately throughout the Council, there is the potential to achieve an optimal combination of quality and value.

The following aims, priorities and principles will guide the authority's approach to social value moving forward.

### Our strategy aims

The aim of this strategy is to:

**Maximise social value through the commissioning and procurement of public services in Derbyshire.**

### Our strategy priorities

Our priorities will focus effort on the key actions we need to undertake over the next twelve months to help us achieve our aims.

- **Champion social value through strong and effective leadership**
- **Build and foster a shared understanding of social value within the Council and across partner agencies**
- **Develop and promote the Council's Social Value Framework**
- **Embed social value in the Council's commissioning and procurement processes**



## Our social value principles

We are committed to the following principles which will guide every commissioning and procurement exercise that we carry out:

- Working positively with suppliers to deliver the maximum possible social value together
- Supporting the local economy, including through any sub-contracting
- Reducing demand for public services and including appropriate incentives in contracts
- Delivering at a local community level where possible and supporting the Council's work on Thriving Communities approach where appropriate
- Fostering positive relationships between and within communities – communities of place and communities of interest
- Supporting the local voluntary and community sector through our suppliers and contracts
- Providing robust enforcement in cases where suppliers fail to deliver agreed outcomes
- Paying suppliers promptly
- Endorsing and promote suppliers who engage successfully and positively with Derbyshire County Council's social value approach to procurement

## Key actions

We will be working hard over the next two years to ensure that the priorities identified in this strategy are delivered and outcomes for local people improved. The following are actions which we will be taking to maximise social value through the commissioning and procurement of public services in Derbyshire:

### Champion social value through strong and effective leadership

#### To achieve this priority we will:

- Ensure that there is a clear vision and direction for maximising social value within the Council
- Engage with Elected Members and Strategic Directors to ensure that a clear and consistent vision is supported at all levels, identifying leads to drive forward work across the authority
- Ensure that the consideration of social value is embedded in the Council's decision making processes, for example in Full Council, Cabinet and Cabinet

Member reports

- Mainstream social value into strategies, plans and broader service developments
- Encourage partner organisations to consider social value in their own commissioning and procurement policies and processes through partnerships such as the Derbyshire Partnership Forum, the Derbyshire Health and Wellbeing Board etc.
- Work with the voluntary and community sector to further develop the Council's approach moving forward

### **Build and foster a shared understanding of social value within the Council and across partner agencies**

#### **To achieve this priority we will:**

- Raise awareness of social value across the Council, developing an ongoing programme of communications, engagement and training
- Encourage collaboration on social value activity across Council departments through joint working and the development of joint approaches to tackle priorities and identified needs
- Promote social value activity taking place across the Council as this develops, celebrating success and publicising achievements and outcomes
- Develop a good practice guide with case study examples to share experience and knowledge within the Council and across Derbyshire as a whole
- Consider carrying out training directly with suppliers, where required, to improve understanding of social value in the authority's procurement process
- Improve understanding of the ways in which the voluntary and community sector can more effectively contribute through the social value approach by actively engaging with organisations on a regular basis

### **Develop and promote the Council's Social Value Framework**

#### **To achieve this priority we will:**

- Develop a social value procurement framework to set out the outcomes and illustrative measures the Council is seeking to support
- Develop social value procurement guidance which sets out the Council's expectations in respect of maximising social value in contracts to support commissioners and suppliers
- Explore opportunities to establish a Social Value Fund for Derbyshire in liaison with the voluntary and community sector
- Engage with staff, members of the public, the VCS and suppliers to review and refine the approach to ensure that it is relevant and continues to meet identified priorities
- Work hard to find better ways to measure and report on success

## Embed social value in the Council's commissioning and procurement processes

### **To achieve this priority we will:**

- Include social value within the Council's commissioning strategies, plans and procedures where appropriate, particularly in contract management guidelines and documentation
- Establish mechanisms to coordinate and monitor information on Council contracts, including a single point of contact for social value within the authority
- Develop networking opportunities for departmental procurement officers to share experience and knowledge, identifying opportunities to improve consistency of approach
- Develop a coordinated and consistent approach to contract management across the Council
- Develop robust monitoring systems for social value contracts
- Explore opportunities to improve consultation with the market, including small businesses and the voluntary and community sector, at the pre-market stage
- Provide more opportunities for SMEs, social enterprises and voluntary and community organisations to network with larger companies to better develop local supply chains

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## Our approach

In order for the potential benefits of a social value approach to be successfully delivered, there needs to be a consistent and corporate approach to measuring, monitoring and reporting social value achievements and outcomes.

A key element of the Council's approach moving forward will be the continued development of the Social Value Framework setting out the Council's priority outcomes. The Framework will be supported by a corporate approach to the measurement, monitoring and reporting of social value and good contract management.

### Consistency and coordination

There is a clear understanding that the procurement of goods and services must remain a competitive process seeking best value for money. Publicising and embedding Derbyshire's approach to social value throughout the Council will ensure that commissioners and procurement officers understand the potential of the approach to provide an effective and innovative value for money tool.

Developing mechanisms to improve consistency and coordination will be a priority as the authority develops its approach to social value moving forward.

### Social Value Framework

The Council's Social Value Framework seeks to achieve a consistent and corporate approach to social value moving forward by ensuring that additional social, environmental and economic outcomes are systematically incorporated into the procurement process. The Framework enables commissioning and procurement staff throughout the Council to consistently apply social value when purchasing goods and services.

The Framework clearly states the Council's priorities in relation to social value. For each priority, a number of possible outcomes are identified. Every time a procurement exercise takes place, at least one outcome will be selected from the Framework for inclusion in the contract. The outcomes must be proportionate and relevant to the contract to which they are being applied, meaning that a bespoke approach to social value is taken for each procurement exercise.

Linked to each outcome in the framework is a set of performance measures. These measures provide examples of how performance against the selected outcome might be measured. The list is not exhaustive, and alternate measures will be used if and when appropriate to the outcome selected for the contract.

In the tender process, suppliers are scored on their responses to the questions about how they will deliver against the selected outcomes. The responses of the winning

bidder will then be incorporated into the final contract, and the associated performance measures will be monitored through routine contract management.

## **Good Contract Management**

Contract management enables the Council and its suppliers to meet their contractual obligations at an agreed cost and quality, while good contract management helps to maximise savings and service quality.

It will be essential, once appropriate outcomes have been selected from the framework and included in the procurement contract, that social value requirements are consistently and routinely monitored through an embedded system of robust contract management. By monitoring progress in this way, the Council will be able to keep a record of what additional social value is being achieved. Where suppliers are found not to be fulfilling their social value obligations as stated in the contract requirements, appropriate action will be taken.

## **Measuring social value**

Measuring social value is widely recognised as a challenging task. The main difference between measuring social value and traditional measurement approaches is the need to assess the impact across a wider range of outcomes to take account of social, economic and environmental performance. Whilst articulating social value outcomes can be fairly simple, quantifying them can be much more difficult.

The way in which providers will contribute towards the Council's priorities will be different for each commissioning process and as a result the measurement of outcomes must be proportionate and relevant to each contract.

Broader impacts and outcomes will also be measured. These can be more difficult to accurately capture and as such case studies and narrative accounts will be key in highlighting broader outcomes and preventing such valuable information being lost.

## Implementing the strategy

The Council's Corporate Management Team (CMT) and Cabinet Team will be responsible for driving this strategy forward and have been given responsibility for ensuring that progress on social value is made over the next two years. The Corporate Management Team and Cabinet Team are supported by the Social Value Task Group which has been charged with developing specific actions and ensuring the co-operation of colleagues within the authority and across key partner organisations.

The Procurement Officers Group (POG) will play a key role in ensuring that mechanisms are in place to ensure consistency and coordination of approach as well as ensuring social value is embedded in the Council's commissioning and procurement processes.

The action plan supporting this strategy will be monitored and reviewed on a regular basis and Cabinet will be presented with an update on progress on a six monthly basis. The strategy itself will be reviewed on an annual basis to ensure that it remains current and fit for purpose.

## For more information

### **For further details about this strategy please contact:**

Policy and Research Division  
Derbyshire County Council  
County Hall  
Matlock  
Derbyshire  
DE4 3AG

Telephone:

Email: [policy@derbyshire.gov.uk](mailto:policy@derbyshire.gov.uk)

### **For further details about our commissioning and procurement processes please contact:**

Corporate Procurement Team  
Derbyshire County Council  
County Hall  
Matlock  
Derbyshire  
DE4 3AG

Telephone:

Email: [proc&systemsteam@derbyshire.gov.uk](mailto:proc&systemsteam@derbyshire.gov.uk)

## Derbyshire Social Value Procurement Framework

### Introduction

This Framework will be used by any officer or member undertaking commissioning or procurement activity. It will help to ensure that social value considerations are systematically incorporated and embedded into commissioning and procurement processes. Maximising social value through the procurement of services in Derbyshire will help to secure positive outcomes and influence suppliers in line with the Council's priorities.

### Social Value

The Public Services (Social Value) Act 2012 asks commissioners to think about securing extra social, environmental and economic benefits for their area when they are buying services. In accordance with best practice, the Council has extended this to include all goods and services.

It is essentially about getting more value for money out of procurement. Commissioners and procurement officers must think about how the goods and services they are going to buy, could secure the most valuable benefits for Derbyshire.

Increasing demand for services and ongoing spending reductions mean that it is more important than ever to ensure that the 'Derbyshire pound' achieves as much value as possible for residents. The Council's social value approach encourages the adoption of new and creative solutions to the challenges facing the Council.

### The Framework

This Framework has been designed to ensure that social value can be achieved in a consistent and measurable way.

It provides a simple template of the priority outcomes that the Council aims to achieve through its social value approach. It will help to ensure that social value generated through commissioning and/or procurement activity contributes to at least one of the Council's key priorities, so that positive outcomes are achieved where they are needed the most. The priorities outlined in the framework are in line with those set out in the Council Plan and will contribute to the Council's overarching vision:

"Derbyshire is a place with a thriving economy where hard work is properly rewarded and our children have a bright future, a place where people feel proud, safe and supported, where all are valued and feel their voice is heard."

## Social Value Principles

When using this framework we will be guided by the following principles:

- Working positively with suppliers to deliver the maximum possible social value together
- Supporting the local economy, including through any sub-contracting
- Reducing demand for public services and including appropriate incentives in contracts, such as contract extension opportunities for suppliers who effectively reduce demand
- Delivering at a local community level where possible and supporting the Council's work on Thriving Communities where appropriate
- Fostering positive relationships between and within communities – communities of place and communities of interest
- Supporting the local voluntary and community sector through our suppliers and contracts
- Providing robust enforcement in cases where suppliers fail to deliver agreed outcomes
- Paying suppliers promptly
- Endorsing/promoting suppliers who engage successfully and positively with Derbyshire County Council's social value approach to procurement

## Using the framework

When using the framework it is important to note that:

- For each procurement exercise we will identify which of the outcomes in the attached framework are appropriate for inclusion and consideration
- Outcomes, which are appropriate to the procurement exercise, will be identified from the attached framework on the basis of what is **relevant and proportionate** for each contract
- For every tendering exercise consideration will be given to include at least one of the outcomes listed below
- Suppliers will be scored on their responses to the question about how they will deliver against these outcomes
- Suppliers will also be scored on their responses to questions about how this will be measured and verified
- The responses of the winning bidder will be incorporated into the contract and the ensuing contract management and monitoring process.
- Good practice examples will be identified and used to promote social value in Derbyshire.



## Derbyshire Social Value Procurement Framework

Theme	Outcomes - What are we trying to achieve?	What could this mean in practice for suppliers? What could they deliver? (These are examples only – not an exhaustive list)
A Derbyshire that works	Outcome 1 - A strong local economy	Create x number of new jobs in the local economy (i.e. within Derbyshire)
		Support x number of new business start-ups within the county by running practical workshops with enterprise clubs
		Support the local economy by spending x% of total expenditure in the local supply chain (i.e. within Derbyshire) - this could be measured with tools such as LM3
		Support the local supply chain by spending x% of total expenditure within Derbyshire or within a 10-mile radius
		Attract £x worth of inward investment into Derbyshire
		Secure positive profile for Derbyshire through x number of positive stories in the national media
	Outcome 2 - A skilled and confident workforce	Education
		Support x number of young people in the county up to the age of 18 into training or employment by delivering relevant support to the local careers education offer (e.g. CV advice, mock interviews, careers guidance)
		Support x number of people in the county aged 18+ into training or employment by contributing to the local careers education offer by delivering relevant support (e.g. career mentoring at job clubs, mock interviews, CV advice and careers guidance)
		Training
		Improve the skills levels of existing staff within the county by training x% of the workforce to Level 2/3/4 (for example)
		Reduce average sickness absence by x% through an improved health, wellbeing and support package for staff in the county
		Provide x number of days of meaningful work experience for Derbyshire residents
		Create x number of traineeships or bursaries for Derbyshire residents
		Create x number of Apprenticeships for Derbyshire residents

		<p>Work with the County Council to support work experience, volunteering opportunities, traineeships or bursaries to x number of Derbyshire's most vulnerable residents for example children in care, people with learning disabilities etc, who face additional challenges when trying to secure training and employment</p> <p>Employment</p> <p>Pay staff the UK Living Wage (as defined by the Living Wage Foundation)</p> <p>Increase rates of pay for lowest-paid staff in the county by x%</p> <p>Create x number of part time or full time employment opportunities for Derbyshire residents</p> <p>Work with the County Council to provide x number of part time and/or full time employment opportunities for Derbyshire's most vulnerable residents, for example children in care, people with learning disabilities etc, who face additional challenges when trying to secure employment</p> <p>Identify all staff who are Derbyshire carers and ensure flexible working practices are implemented to support these responsibilities within x weeks of contract start date</p>
	<b>Outcome 3 – Well connected communities</b>	Support x local sustainable transport initiatives which improve local access to jobs and services
<b>A healthy Derbyshire</b>	<b>Outcome 4 - Healthier communities with reduced health inequalities</b>	<p>x% overall spend disinvested from acute interventions and reinvested in prevention across the county</p> <p>Support prevention by running education and publicity campaigns with specific targets (e.g. support x number of staff / residents / service users within Derbyshire to stop smoking / increase their physical activity / access money advice)</p>
<b>A Safer Derbyshire</b>	<b>Outcome 5 - Resilient and safe communities</b> <b>Outcome 6 - People supported in hard times</b>	<p>Support more people to manage their finances effectively by increasing the number of residents who save with a Derbyshire Credit Union by x</p> <p>Secure £x-worth of investment in, or in-kind contributions to, fuel poverty initiatives in Derbyshire</p> <p>Support x number of Derbyshire households to better manage their energy demands through improvements in the fabric of their homes, bringing them out of fuel poverty and contributing to climate change</p>

		goals
		Sponsor x number of local sustainable food initiatives such as community based Superkitchens across the county
	<b>Outcome 7 - Sustainable and green communities</b>	Reduce the amount of waste generated in Derbyshire by x% compared to previous contract
		Reduce the amount of waste sent to landfill in Derbyshire by x% compared to previous contract
		Reduce carbon emissions in Derbyshire by x% per year
		Reduce overall energy consumption / water consumption in Derbyshire by x% per year
		Increase the use of renewable energy / community-generated renewable energy as a proportion of total energy consumption in Derbyshire by x% over the lifetime of the contract (without increasing overall energy consumption)
<b>A Derbyshire that cares</b>	<b>Outcome 8 - Thriving children, young people and families</b>	Support x careers fayres in Derbyshire (careers advice in schools? – need some advice)
		Sponsor x number of activities in the county to support children and young people
	<b>Outcome 9 - Independent and supported older people</b> <b>Outcome 10 - Adults with physical and learning disabilities leading independent and fulfilled lives</b>	x% of service users in Derbyshire supported to self-help
		Coordinate and run a befriending scheme to reduce social isolation (and thus prevent the consequences of social isolation) for x number of Derbyshire older people
		x% of customers directed towards lower-cost forms of contact (e.g. phone or web rather than face-to-face), including training service users to use IT as necessary
		Support x number of Derbyshire service users to engage in volunteering
		Support x number of Derbyshire service users into work experience / paid work / training
		Work with x number of service users in the county to design / deliver the service

APPENDIX B

PUBLIC

A local Derbyshire	Outcome 11 - An ambitious and dynamic Council Outcome 12 - Communities at the heart of decision making	Deliver the service on a localised basis so that the average distance to travel to access the service is reduced by x miles
		x% of Derbyshire residential social care users supported to live independently
		Contribute x number of hours of support, for example, business advice to community and voluntary organisations in Derbyshire through an Employer-Supported Volunteering scheme
		Support x number of community led activities in Thriving Communities areas
		Provide facilities for use by community and voluntary organisations in Derbyshire for x number of hours per year
		Work with community and voluntary organisations in Derbyshire to create x number of new volunteering opportunities in the county
		Support local third sector organisations through the supply chain by spending x% of total expenditure with community and voluntary sector providers based in the Derbyshire
		Support staff, service users and residents to fundraise £x for the Derbyshire Social Value Fund (and/or match-fund x% of the total funds raised).

## Social Value Framework – Procurement Guidance

### Introduction

Increasing demand for Council services combined with ongoing spending reductions means that it is more important than ever to ensure that the 'Derbyshire pound' achieves as much value as possible for residents. Securing additional social value through the money already spent on behalf of Derbyshire residents, provides the Council with an exciting opportunity to secure more positive outcomes and influence suppliers in line with the Council's priorities.

This guidance will be used by any officer undertaking commissioning and/or procurement activity. It will help to ensure that additional social, environmental and economic outcomes are systematically incorporated and embedded within the Council's commissioning and procurement processes.

### Social Value

The Public Services (Social Value) Act 2012 asks commissioners to consider how to improve the economic, social and environmental well-being of their area when they are buying services. In accordance with best practice, this has been extended to include all goods and services commissioned and purchased by Derbyshire County Council.

The introduction of a social value framework in Derbyshire will help the Council secure more value for money out of procurement by placing a requirement on procurement officers to think about how the goods or services they are going to buy could secure the most valuable benefits for Derbyshire. The additional outcomes achieved could be wide ranging from creating apprenticeships to providing support for smaller community projects, and will all link back to the Council's key priorities. Any Social Value outcome requested must be proportionate and relevant to the contract to which it is to be applied.

The Social Value Procurement Framework has been developed to enable commissioning and procurement staff throughout the Council to consistently apply Social Value to purchasing activities. Implementation of the strategy and framework is intended to enable providers to deliver social value alongside the services the Council traditionally procures from them by:

- Enabling providers to understand what social value they could provide that would be valued by the Council.
- Encouraging the concept of social value to be embedded within their organisations.
- Working with them to ensure that they are offering core services which also deliver additional social value.
- Helping them to generate new ideas which will provide social value that meets the local needs of Derbyshire.

## Procurement guidance

This document provides practical guide to Officers who have a role in the Council's procurement activity in applying the "Derbyshire Social Value Procurement Framework" in the format of a stepped approach.

- ❖ Step 1: Consider the relevance and proportionality of the procurement opportunity
- ❖ Step 2: Identify social value opportunities
- ❖ Step 3: Select an outcome or outcomes from the framework
- ❖ Step 4: Build the social value requirement into the procurement
- ❖ Step 5: Evaluate the social value offered in each bid
- ❖ Step 6: Confirm contractual requirements addressed
- ❖ Step 7: Monitor and measure the social value being delivered

## When to start the social value considerations

Begin the social value consideration at the earliest time possible, this should generally be: at the soft market testing / early market engagements stage (if applicable) or a minimum 5-6 months before the procurement opportunity is to be advertised.

<b>Step 1 - Consider the relevance and proportionality of the procurement opportunity</b>	
1.1	Identify if it is relevant and proportionate to include social value requirements within the procurement, taking into account factors including (but not limited to): <ul style="list-style-type: none"> <li>• The value</li> <li>• The contract length</li> <li>• The product / service / work being procured</li> <li>• The number of potential lots / providers</li> </ul>
1.2	If <b>No</b> , document the justification for not including social value requirements in the procurement. This information will need to be reported on a quarterly basis and included in Social Value consideration section of the Cabinet report.  (If <b>Yes</b> , move to step 2.)
<b>Step 2: Identify Social Value opportunities</b>	
2.1	Taking account of needs, resources and assets, identify what social value opportunities could be created or realised; this could include: <ul style="list-style-type: none"> <li>• Consultation with the current provider (where applicable)</li> <li>• Engaging with interested parties e.g.: <ul style="list-style-type: none"> <li>- Internal stakeholders, including front line workers</li> <li>- Service users / potential service users</li> <li>- Third sector organisations</li> <li>- Derbyshire residents</li> </ul> </li> <li>• Market analysis, including assessment of how social value has been delivered in similar contracts in other areas</li> <li>• Consultation with the wider market</li> </ul> (Move to step 3.)

<b>Step 3: Select an outcome or outcomes from the framework</b>	
3.1	Collate, review and assess the information to identify common themes or areas and/or proposals that would be relevant and proportionate to the procurement.
3.2	<p>Select one or more outcomes from the framework against which social value could be delivered.</p> <ul style="list-style-type: none"> <li>- It is usually advisable to limit the number of the selected outcomes e.g. to focus on one or two key outcomes.</li> </ul>
<b>Step 4: Build the Social Value requirement into the procurement.</b>	
4.1	<p>Decide how specific you want to be about the achieving the outcomes and use this information to formulate the question(s) you want to ask.</p> <p>Please see examples questions below:</p> <p><u>Example 1 – General Outcome</u></p> <p><i>In regard to this contract Derbyshire County Council would like to realise the potential for adding social value in respect of ensuring Derbyshire has a skilled and confident workforce.</i></p> <p><i>What are you company's proposals in respect of achieving this?</i></p> <p><i>(Please see outcome 2 on the attached Derbyshire Social Value Procurement Framework for more information)</i></p> <p><u>Example 2 – Specific Outcome</u></p> <p><i>Derbyshire County Council would like to realise the potential for adding social value in respect of ensuring Derbyshire has a skilled and confident workforce. In respect of this contract the Council would like opportunities for traineeships (including apprenticeship) for Derbyshire residents to be created.</i></p> <p><i>Please provide details of your company's proposals in respect of achieving the outcomes, including details of the opportunities that would be offered?</i></p> <p><i>(Please see outcome 2 on the attached Derbyshire Social Value Procurement Framework for more information)</i></p>
4.2	<p>Identify the success factors.</p> <p>Consider how the impact of the social value delivered will be measured both through the direct delivery of the outputs and the longer term impact on the outcomes.</p> <ul style="list-style-type: none"> <li>• How will you identify that social value is being delivered e.g. <ul style="list-style-type: none"> <li>- participation levels</li> <li>- wider social, environmental and economic benefits</li> <li>- a monetised value</li> </ul> </li> <li>• Can the reporting schedules and requirements be stipulated?</li> <li>• Can the social value KPIs be identified?</li> </ul> <p>Where the social value requirement is addressed in the form of an open question, it may not be possible to identify the social value measures and be more appropriate to ask the tenderer to detail how the social value could be measured, e.g.</p> <p><u>Example</u></p> <p><i>Please include details of how delivery against these outcomes would be measured</i></p>

	<i>and verified.</i>
4.3	Decide what weighting value will be assigned to the social value element of the procurement.
4.4	<p>Identify to bidders, in the tender documentation, that the social value component of their bid carries the same weight as the other qualitative elements and that failing to deliver against these measures could result in the application of remedies or termination of the contract.</p> <ul style="list-style-type: none"> <li>- Where applicable, include clauses/draft clauses in the contract or the terms and conditions of contract that are issued with the tender documents.</li> </ul>
<b>Step 5: Evaluate the Social Value offered in each bid</b>	
5.1	<p>The evaluation of the social value proposals will follow the format of the other qualitative aspect of the bid, taking into consideration how the direct outputs proposed would deliver against the longer term social value outcome identified in the tender documents.</p> <p>This should take into account:</p> <ul style="list-style-type: none"> <li>• The value of the social value activity proposed</li> <li>• The likelihood of it being achieved</li> </ul>
<b>Step 6: Confirm contractual requirements addressed</b>	
6.1	<p>Before finalising and sending out the formal contract (or award of contract letter) confirm that all relevant contractual clauses / terms are revised to take into account the specific social value offer. e.g.</p> <ul style="list-style-type: none"> <li>• KPI's and performance measures</li> <li>• Reporting schedule and requirements</li> <li>• Remedies and termination clauses</li> </ul>
<b>Step 7: Monitor and measure the social value being delivered</b>	
7.1	<p>The monitoring and measurement of the Social Value commitments made by the provider should be incorporated into the general performance management of the contract.</p> <ul style="list-style-type: none"> <li>• Winning bidders will be expected to report on the outcomes to evidence how they are achieving the social value they propose to deliver.</li> </ul> <p>The Council should be willing to assist the provider where appropriate,</p> <p>e.g. if a proposal aims is connected to a specific group of service user it may be appropriate to provide contact information to the teams within the Council who work with the service user group.</p>
7.2	Monitoring the social value delivered and working with the provider on the social value aspects of the bid can then help to produce new ideas that can be incorporated into future procurements.