

Title of report: Social Value Measurement Framework

Decision maker: Assistant director Corporate Support

Decision date: Friday, 10 September 2021

Report by: Head of Corporate Services

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose

To approve the proposed social value framework and key value indicators (KVI) which will assist officers and potential suppliers to identify, measure and evaluate initiatives which could contribute to improving economic, social or environmental well-being of Herefordshire communities, through procurement activity.

Recommendation(s)

That:

- a) Social value measurement framework components included in paragraph 6 to 14 of this report are approved; and**
- b) The initial key value indicators included in Appendix 1 are approved;**

Alternative options

1. The council offers less structured guidance and has no consistent mechanism for capturing and reporting on social value achieved through the council's procurement activity. This option is not recommended.

Key considerations

2. Subsequent to the decision taken in December 2020 [Social value model and statement](#) which set out an updated social value statement for Herefordshire and delegated authority to the assistant director for corporate support to agree the final key value indicators and measurement framework in consultation with the cabinet member for commissioning, procurement and assets. This report sets out the recommended social value Key value Indicators (“KVI’s”) and the recommended approach for identifying, evaluating and subsequently monitoring social value contributions from contracted suppliers (measurement framework).
3. To comply with the Social value Act 2012, all public sector bodies are required to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area they operate in.

Herefordshire Council will go beyond the current legislative requirements acting as a leader for Social Value, supporting the council’s ambition to ensure that Social Value is included in everything it does, linking economic and social growth with maximising the value obtained from money spent.
4. Research undertaken within the council and market place during 2020 and 2021 identified that it would be beneficial to provide guidance and clarity to officers and suppliers on relevant social value issues which suppliers could contribute to. As part procurement process instructions and guidance to suppliers on how to complete the tender document are already provided, this will include how to respond to social value elements where included in the tender.
5. The research also identified that there were opportunities to implement a consistent way of capturing, evaluating and measuring social value in tenders in order to begin to monitor the impact of contributions from the council’s suppliers, a proposed framework for doing this is described below.

The Herefordshire Council Social Value Framework

6. The measurement framework links to the council’s [Social Value Statement](#) and encompasses:
 - A set of measurable social value 'Themes, Pledges (Impacts) and KVI’s (Outcomes)' proposed to be reviewed annually and which are based on priority areas relevant to the council.
 - A set of units of measure for each of the KVI’s, used to compare bids on a like for like basis. They are set out as a description (the Measure) and a metric (the Unit). This will enable the council to collate the total benefits delivered by suppliers aligned to the themes and provide a consistent method of performance management reporting in the contract term.
 - A set of Financial Proxies: proxies would be assigned to each KVI and unit of measure, to determine the financial value of contributions proposed and subsequently delivered by suppliers.
 - Value Ratio: This is the ratio of bid price vs social value proposition, which will derive at a monetised, pence in the pound, result.

- Quantitative (social value) score: A score (usually 0 to 10) is attributed to the value ratio (pence in the pound) result, to determine a quantitative social value score for that bid. For example, a value ratio result of up to 1.5 pence in the pound, would result in a lower score than a result of 10 pence in the pound, this may vary depending on the type of contract and would be clearly established in each tender documents.
 - Qualitative (social value) score: A qualitative score (usually 0 to 10) is attributed to the bidders supporting statement explaining their approach to delivering the social value proposition, as is common practice currently.
 - During the course of the contract officers can then measure the social value contribution proposed (forecast) with actual social value contribution delivered.
 - The measurement framework which is informed by national best practice, is bespoke to Herefordshire Council and is focused on addressing local social, environmental and economic needs.
7. As part of the council's commitment to social value, it is proposed that a qualitative approach to assessing social value in tenders continues to be encouraged for all tenders, whilst specifically both qualitative and quantitative evaluation is applied in tenders above the council's open tendering thresholds (£75,001 currently). This will ensure that suppliers would not gain high social value marks on scale alone.
 8. It is further proposed that a minimum of 12% out of 100% weighting of the overall tender will be a recommended social value weighting, currently this ranges 5% to 8% in Herefordshire Council. Leading public sector examples [central government](#) set minimum 10%, with local authority examples exceeding this on tender basis, for example, up to 20% in Essex, up to 30% in Calderdale.

Key Value Indicators

9. The initial set of key value indicators (outcomes) in appendix 1, are aligned to the social value pledge areas captured in the council's [social value statement](#) which was approved in December 2020. There 15 KVIs, showing the link between the themes, pledges and associated units and proxies.
10. It is proposed that these KVI's are treated as an initial baseline for the council's social value measurement framework, subject to an annual review to keep the list updated and relevant as needs change.
11. These have been shaped by the County Plan, internal and external engagement and national policy changes such as the PPN 06 / 11 and local authority best practice. Internal webinars to share awareness of the approach and help inform the framework were held in October, November and December of 2020, followed by external supplier webinars in February and March 2021 including an initial training session of the framework in July 2021. Feedback from these sessions has been built into the framework where appropriate.
12. For the council, this is an important step in ensuring the potential social value contributions are aligned to council priorities, that they are specific and measurable during the tender stage and contract term.

13. The launch of this measurement framework will be supported by some internal training sessions in September to November 2021. As well as a Cabinet Member press release, which will recognise the council's achievement for the Social Value Quality Mark in August 2021, where references to online resources on the council's webpages will be made.
14. Part of implementation includes an initial test on some upcoming tenders, this may result in changes to the framework, which will be dealt with operationally. Feedback from the process from commissioners and other parts of the organisation can support refinements in implementation.

Community impact

15. The recommendation to approve a measurement framework for social value, pays due regard to the community, by strengthening the council's response to the Social Value Act (2012), and providing a mechanism through which key community priorities can be supported through the council's contracting practices.
16. It relates to a commitment in our corporate delivery plan 2020 "EC6.1: Develop and implement a Social Value procurement policy to maximise the local benefit of all council spending".
17. The key value indicators are being developed in consideration of the county plan, joint strategic needs assessment and commissioning and procurement strategy. It raises awareness to specific groups of the community where social value contributions can be focussed, e.g. mental health, volunteering, care leavers, whilst also encouraging the need for new local employment opportunities.
18. The framework incorporates specific measures in relation to supporting local SME and third sector supply chains, such as targeting "Tier 1" suppliers to include local SME and VCSE organisations into their supply chains where relevant, promoting social value awareness.

Environmental Impact

19. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
20. Whilst this decision relates broadly to social value contributions which can be delivered through the council's supply chain, key value indicators include those relating to waste, carbon emissions and bio diversity.
21. This does not replace any environmental impacts associated to specific contract specifications, rather it provides a mechanism through which environmental priorities of the council can be captured and contributed to by the supply chain.

Equality duty

22. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

23. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.

24. The social value framework includes outcomes and measures that support the representation of protected characteristics and underrepresented groups are examples of where the approach contributes towards the councils equality duty.

25. Tender applications will be measured on a qualitative basis that ensures that contract proposals

- a. Eliminate discrimination;
- b. Advance equality of opportunity; and
- c. Foster good relations between different people.

Resource implications

26. The recommendation proposed will introduce a more robust approach to managing social value, with particular need to maintain the social value measurement framework and to manage the reporting and monitoring of supplier contributions in liaison with contract managers. These were addressed in the decision taken in December 2020 [Social value model and statement](#) and factored into the MTFs.

Legal implications

There are no adverse legal risks as a result of the proposals set out in this report. Risk management

27.

Risk / opportunity	Mitigation
Non delivery across the organisation means limited implementation and lack of impact	Strong leadership and communication.
Not robustly outlined in procurement and consequently in contracts.	Early guidance, training and intervention if needed from the commercial team.
Limited monitoring and evaluation of impacts.	This is linked to the corporate key performance indicators and sharing of best practice.
Risk of challenge with a focus on local suppliers.	Accepted risk and design of procurements, retaining a focus on value for money
Risk of over claiming on any social value benefits achieved.	Each measurement is weighted to take account of other external forces including:- Deadweight: A measure of the outcome that would have happened even if the activity had not taken place. Attribution: An indication of how much the outcome in question was caused by the contribution of other organisations or people. Displacement: An indication of how much the outcome displaced other outcomes.

28. These risks will be managed at a service level, with implementation progress being reported councils delivery plan.

Consultees

29. Consultation has been undertaken via a series of workshops with a representation of officers across the council. This included:

- 7 October 2020- 41 invites, 21 accepted or tentatively accepted
- 9 November 2020- 38 invites, 12 accepted or tentatively accepted
- 18 November 2020- 41 invites, 21 accepted or tentatively accepted
- 11 December 2020 – 51 invites, 23 accepted or tentatively accepted

30. Consultation has been undertaken via a series of workshops with a representation of suppliers, openly invited via the councils e-tendering portal:

- 25 January 2021- 34 registered
- 25 February 2021- 200 registered
- 8 July 2021- 56 registered

31. Feedback was provided during the sessions Q& A, discussion and chat features and online poll, these have been incorporated into the associated framework, including in guidance documents developed.
32. The cabinet member for Commissioning, Procurement and Assets has been consulted and involved in the establishment of the social value KPI.

Appendices

Appendix 1- Herefordshire Council Social Value Priority Areas

Please include a glossary of terms, abbreviations and acronyms used in this report.

KVI	Key Value Indicator- activities which can be used to measure the impact and subsequent value to society
SME	Small Medium Enterprise
TOMs	Themes Outcomes Measures related to social value
VCSE	Voluntary Community and Social Enterprise sector