**MAXIMISING SOCIAL VALUE FROM COMMISSIONING**

The Social Value Act is clear in its intention:

*“The Public Services (Social Value) Act 2012 requires public bodies to consider how the services they commission and procure might improve the economic, social and environmental well-being of the area.* ***Commissioners are required to factor social value in at the pre-procurement phase, allowing them to embed social value in the design of the service from the outset****“*

In embracing this, Newcastle City Council is not just developing specific ‘social value’ questions within tenders, but using Social Value at every stage of Commissioning:

1. Full market and community engagement and consultation at the outset
2. Social Value as fundamental to the design, effectiveness and value generated by the Service
3. Social Value embedded within ‘Quality’ and other procurement questions
4. Specific Social Value questions within the tender
5. The longer term ‘legacy’ impact embedded into provision and contract management

The approach has been developed and tested across both social provision and commercial outsourcing contracts to become a ‘model’ process for the commissioning and re-commissioning of significant city-wide contracts.

*“Social Value is, simply, value that accrues in our local communities. It is what city residents say is valuable to them, for example; sustainable employment, a decent place to live, and equal access to a range of quality services in the local area.”*

**1. Introduction and Background: Responding to the Act**

**Step One: Developing a Partnership**

The Social Value Act provides Local Authorities with an opportunity to fundamentally reassess and change how they approach commissioning and delivery of key services.

Response to the Act could take any number of paths – to see it as a ‘procurement’ requirement adding further to complicated processes as a way of reformulating pre-existing ‘sustainability’ approaches, or as an opportunity to maximise local value from local spend.

Newcastle City Council’s approach was to use it as an opportunity to leverage Social Value impact from the very start of the commissioning design process; led by the Assistant Director of Inclusion, Commissioning and Procurement, in partnership with senior Commissioners and technical specialists.

The team had a shared purpose from the outset, driven by engagement and collaboration from key city stakeholders, including: North East Chamber of Commerce, Federation of Small Businesses, Price Waterhouse Cooper, voluntary and social enterprise groups - Newcastle Councils for Voluntary Service (NCVS) and North East Social Enterprise Partnership (NESEP), representative businesses involved in social value and procurement support, and commissioners and economic development from specialists from within the Council.

This ‘Social Value Partnership Group’met regularly throughout 2014 to co-develop and codify the city’s Social Value Commitment (appendix 1). The Commitment was adopted and passed by the full Council in February 2015, and following careful wider consultation through stakeholder groups and open online feedback, a framework to transpose the Commitment principles into practice was developed.

**Step Two: A Genuine Social Value Commitment**

The Social Value Commitment provided a set of guiding principles from which more detailed processes could be developed. The challenge and intention in following this approach was to produce a set of active, guiding objectives that would ensure Social Value concerns are fully embedded across the culture, operations, and activity of the Council.

*“Social Value is not an ‘add-on’ to core business we will design and embed Social Value into the goods, works or services we procure in the first place”*

In essence, the principles are:

1. **Think, Buy, Support Newcastle**

*“We will value local spend and recognise that Social Value is a part of our core business.”*

2. **Community Focussed**

*“We will not assume that we know what people in the City want, but instead, we will ensure that we have mechanisms in place for local people and partners to feedback to us on a regular basis and use this feedback to shape our practice.”*

3. **Ethical Leadership**

“...*we will seek to work with businesses that employ high ethical standards within their practice, and those who want to work to improve their ethical approach.”*

4. **Green and Sustainable**

*“...we will work with partners and providers to promote green and sustainable practice in the work that we commission and procure.”*

5. **Enabling Change**

*“This means ensuring people understand not only our high level principles, but also what Social Value might look like in their context and, critically, what they might personally do to create it.”*

By applying these principles to all commissioning and procurement processes, and using them as a touchstone for decision making, the Council will ensure that each instance can be evaluated and implemented on its merits, and not to a pre-prescribed menu or pick-list which might hinder innovation, miss opportunities, or potentially prove counter-productive (e.g. by prescribing standard criteria, such as number of apprenticeships which might act against the intention to include more SME’s, or community groups in delivery.)

*“In making a Social Value Commitment, we want to help both create Social Value, and recognise its worth.”*

**Step Three: Principles into Practice**

The principles have formed the basis of the Council’s procedures to ensure that Social Value is considered and embedded at every level of the Commissioning and Procurement process.

**Core Processes**

Core procedures ensure that all goods, services, and works regardless of value or duration, undergo due Social Value consideration in a proportionate way. Officers are led through their assessment by flowcharts, guidance from specialist officers, prompts and ‘traffic-light’ gateways to ensure compliance, and oversight is provided by managers to ensure practice is aligned to the Commitment.

**Strategic Commissioning**

Within this framework, harnessing Social Value must be carefully balanced in accordance with the cost, and potential benefits associated with the contract, ensuring that it is timely and proportionate within the contract opportunity.

To enhance the approach for its high-value/ long-duration contracts (where the benefits are likely to be most significant), Newcastle challenged itself to develop a consistent methodology for stakeholder engagement which could be used across different markets and stakeholder groups, enabling stakeholders to help shape the service design and methodology from its earliest stages.

In developing its methodology, the Council sought to answer some key questions drawn from the implementation of their Social Value Commitment i.e.: what impact and gains can be made when services are being re-modelled/ re-assessed through budget constraints, or are being taken out to market for the first time? What does the Social Value Commitment actually mean in practice, and how can we use it to produce a new commissioning model? Will the same approach work for social provision and for commercial service contracts? How will Social Value considerations impact on existing processes? The resulting test framework can be found in appendix 2.

The proposed approach is the first stage in ensuring that Social Value is incorporated within 4 distinct tasks:

1. Service design, including stakeholder and market engagement;
2. Specification and development of contract requirements, including definition of performance measures;
3. Development of evaluation criteria and scoring, including:
   1. Evaluation of specific contract/specification requirements;
   2. ‘Free’ Social Value additions, representing added value that bidders offer to augment the specified delivery;
4. Contract management, including:
   1. Managing performance and respond to sub-performance against defined Social Value measures;
   2. Aggregate Social Value impact across our commissioned activity.

Once the framework has been fully implemented, it will be used as a mechanism to ensure that Social Value is embedded throughout the Council’s end-to-end Social Value process of:

* market and stakeholder consultation
* co-design of new commissioning and procurement models
* further embedding of Social Value throughout the tender and procurement process
* tender evaluation
* driving and monitoring delivery of Social Value from contract delivery

**Testing and Next Steps**

Two disparate commissioning projects were identified as examples through which to test this new end-to-end strategic process – Family Support Services, and Winter Maintenance. These are covered in more detail in the following case study section.

Key to the Commitment and ‘Enabling the Change’ will be the measurement and evaluation of Social Value: taking a holistic view across the final commissioned service model, the specification and quality questions, as well as any specific Social Value questions. The two case studies focus on embedding Social Value within the initial commissioning design stage of the process, however further information will provided to update on the impact and outcomes generated as the contracts are implemented, including: what this means for reach, value and impact of services against the available budget.

**2. The Case Studies**

**Case Study 1: Family Support Services**

1. **Background**

**Commissioning Opportunity:** Family Support Services

**Financial Value:** c. £5 million

**Contract Duration:** 4 years (2 years + 2 x 12 months options to extend)

**Contract Background:** Family Support Services across Newcastle are currently delivered as city-wide model of fully-integrated whole-family support, made up of three main components:

* Community Family Hub
* Citywide Family Support
* Targeted Services – Youth Support

The model includes a range of services to be delivered in partnership such as: early help, targeted Sure Start offer for c. 9,745 children under 5, Intensive whole family working for families with additional need (c. 202 families at any one time), training and support. Family Support volunteers work with c.150 families at any one time.

The delivery model is complex, incorporating a wide range of groups and providers, volunteers, and a ‘mixed economy’ including core Council teams. Family Support services sit alongside other specialist services, with community support organised currently across three geographical locations (West, Central and East), and targeted within these at postcode-based ‘Super Output Areas’ identified by indices of multiple deprivation.

Indicative outcomes and objectives include:

* Engagement of target groups with services and programmes;
* Improve the well-being of all children up to the age of five years and reduce inequalities;
* Measured family outcomes;
* Getting children back into school, reducing youth crime and anti-social behaviour and supporting adults on the pathway back to work;
* Opportunities to respond to the needs of communities at a local level;
* Opportunities to involve communities in developing responses;
* Clarity of organisations and support available to meet the needs of communities.

1. **Engagement and Shaping of Provision**

Development of the new service involved a staged development of detailed consultation, feedback, and development to a clear timeline, prior to commencement of formal procurement and tendering processes. Some of the key stages inclued:

1. May and June 2015 – Two provider consultation events to inform and begin to shape the future operating model;
2. 15 July 2015 – Tender Ready Session (half day bid writing workshop);
3. **30 November 2015 – Social Value Workshop;**
4. 17 December 2015 – Proposed Contract Opportunities Document published;
5. 11 January 2016 – Provider Workshop;
6. 1 February 2016 – Provider Networking Event (Process Review and feedback);
7. 15 February 2016 – Tender Ready Session (half day bid writing workshop);
8. 1 March 2016 – Pre Tender Briefing (Procurement Briefing outlining tendering process).

The process was led by the integrated Commissioning and Procurement team at each step, with clear handover into formal procurement and tendering processes as part of the roadmap.

Almost 50 prospective providers and community stakeholders took part in the events, which were open, consultative, and supported by published presentations and feedback, with full follow up of issues raised incorporated into the developing model, and discussed and reviewed at subsequent forums.

1. **Incorporating Social Value**

This commissioning exercise was the first opportunity to fully embed the framework outlined in appendix 2.

From this the first ‘Social Value workshop’ was delivered, centralising stakeholder views within the process so that outcomes could be reviewed, assessed, and integrated into the final development of a published commissioning model. As the first workshop of its type, it sought to test the key elements of the consultative approach, and if successful, provide a template for future engagement events as an integral part of commissioning.

**The Social Value Workshop**

The workshop was advertised to the public and prospective providers, and was attended by almost 50 delegates from across stakeholder groups.

The agenda and content was carefully prepared following the framework, with tables arranged into balanced, mixed groups to facilitate a varied discussion. Supporting presentations and discussion materials designed were designed to capture the discussion, and a fully-briefed ‘facilitator’ was allocated to each table to enable the process. (see appendix 3 for session outline).

**Feedback from the Discussion**

The discussions generated a rich discussion and a range of Social Value perspectives, which have been outlined in the table below. Feedback included key service design elements like ensuring local communities are built into decision making processes, collaborative working with existing community networks is prioritised, and that geographical locations are in the heart of communities accessible by sustainable/ environmentally friendly transport methods.

The table also shows the Council’s response to the feedback, and how it anticipates this will impact on the contract opportunity, including the service specification, lotting structure, teams make-up, geography and outcome priorities for each part of the overall service.

|  | **Event – Key Themes** | **How the Council will Respond** | **Where this will be Incorporated into the Process** |
| --- | --- | --- | --- |
| **Think, Buy, Support Newcastle** | Local beneficiaries need to have an impact on decision making | To create the commissioning model the Council fully engaged local people in the service design. Through the contract opportunity we will ensure that local people continue to have a voice throughout the life of the contract to reshape for future opportunities | * Specification * Evaluation questions * Key performance indicators |
| Local organisations already have established networks/ links within the local area and are often trusted by their communities | We will ensure that providers have the opportunity to demonstrate this through their tender bid | * Evaluation questions |
| Collaborative and partner working is important for ensuring stability / growth of the local marketplace | Organisations that bid for the larger lots will need to demonstrate how their proposed model for delivery will maximise partnership working with other relevant local providers | * Specification * Evaluation questions |
| Local consortia / partnership discussions need realistic timeframes | We held a consortia working session in July 2015. Once the proposed contract opportunities are published, there will be time available for organisations to develop their partnerships prior to bidding. The Council will facilitate a networking event to support discussions if there is sufficient interest from the market. | * Commissioning model design * Market feedback session |
| In relation to the whole-system (not just the proposed contract opportunities) how will multi-agencies e.g. health, in the area work together towards helping families? | We will ask organisations to demonstrate through the bid how they will ensure effective multi-agency working | * Specification * Evaluation questions |
| **Community Focus** | Hubs should be located in a place that is accessible and safe for local people to get to | We will ensure that accessibility and safety (including transport and equal access considerations) is a key consideration for the location of services within the Community Family Hub | * Commissioning model design * Specification * Evaluation questions |
| Splitting the geographical areas into smaller Lots will support smaller community organisations to bid and enable services to be tailored to the needs of the community in that specific area | The West, Central and East proposed Lots will be split further into smaller Lots. These Lots will be reflective of the needs within the community that each Lot will operate within | * Commissioning model design * Specification * Evaluation questions |
| The community should have a voice in the service design and delivery | As noted above, community consultation has been carried out throughout this commissioning process. We will ensure that mechanisms for community voice are incorporated in the tender documents so that feedback is obtained throughout the delivery of the contract. This will form part of contract management activity. | * Specification * Evaluation questions * Key performance indicators |
| **Ethical Leadership** | Ethical staffing policies such as living wage and travel time need to be deliverable within the budget envelope for the contract | Within the pricing element of the tender opportunity consideration will be given to ethical considerations i.e. National Living Wage | * Contract requirements |
| To provide stability for staff it would be helpful to have commitment to a longer term contract rather than an annual contract renewal | The proposed contract opportunities are for a 2 year term with 2 x 12 month options to extend in order to help support organisational and workforce stability in the delivery of this service | * Contract requirements |
| Service delivery should be informed by local communities | As noted above, community consultation has been carried out throughout this commissioning process. We will ensure that mechanisms for community voice are incorporated in the tender documents so that feedback is obtained throughout the delivery of the contract. This will form part of contract management activity. | * Specification * Evaluation questions * Key performance indicators |
| **Green and Sustainable** | The location of the community family hubs should be within walking distance of most people within the local area to avoid excessive transport usage | We will ensure that accessibility and safety (including transport and equal access considerations) is a key consideration for the location of the delivery of services within the Community Family Hub. Where possible we will ensure that services are accessible by sustainable transport methods and pedestrian access | * Specification * Evaluation questions |
| Family support services should have a role to play in educating families on green and sustainable practices | We will ensure this is a consideration as part of the tender process so that Providers will be able to demonstrate how they will achieve this | * Evaluation questions |
| Organisations delivering the service should have green and sustainable policies and practices in place for example recycling, minimising paper usage | We will ensure this is a consideration as part of the tender process and any agreed sustainability measures will be monitored through contract management | * Specification * Evaluation * Key |

**Feedback on the Approach**

Despite the large ambition and scope of the event, it was very well received and understood; discussion and feedback was lively, inclusive and insightful.

Given the level of involvement and the social nature of the contract, round table discussions could have been scheduled for longer.

Facilitation proved to be extremely important to ensure that discussions remained focussed on the framework objectives, that all groups and perspectives were heard, and that the event was not monopolised by individual perspectives.

Sharing each table’s contribution across the whole group at the end of the session shaped shared understanding and enabled the development of a shared outcome from the event.

The importance and value of building services from the ground up and community focussed became one of the key themes. For example, the comment “boundaries on maps are not necessarily the same as areas and community boundaries on the ground” prompted discussion regards lot structures and areas, delivery hubs, need for truly local access based on real community networks, engagement and local understanding of smaller locally embedded community groups.

1. **Next Steps**

As a complex, high-value procurement, the release of the Family Support Services tender is still ongoing and is currently subject to final review – it is anticipated that the tender will be available for launch by the end of May 2016. Once released, more detailed evaluation of the impact of Social Value will be possible, and will be incorporated as a supplement to this report. This will include:

* How Social Value considerations have shaped the final specification;
* How Social Value is evident within both the quality criteria, and any stand-alone Social Value question(s), including how much weight they carry;
* Comparing Social Value between bids;
* Tracking and monitoring Social Value.

**Measurement and Assessment** of the overall impact of this approach will be fully possible once the tender has been published, at subsequent phases of the tendering/evaluation process, and importantly into contract management.

However, this approach has already provided benefit in enabling Social Value outcomes to informing commissioning model design, specification development.

By building Social Value into every aspect of the approach, and not ‘just’ as specific Social Value questions added to a procurement exercise, Newcastle is building a model that puts Social Value at the heart of the its service delivery. It is anticipated that the potential impact of this will include:

* Improved engagement, KPIs, impact and outcomes.
* Added value to services (such as volunteer and other community resources)
* Impact of local spend
* Impact on local employment and ‘back into work’ additional to contract
* Impact on effectiveness and value of service budgets and in-house staff
* Impact on sustainability of local community and volunteer groups, community buildings and assets (and the potential value of continued contribution to other provision and services)
* Environmental impact of ‘walk to’ hubs and locally based support
* Specific additional Social Value gained

**Case Study 2: Winter Maintenance**

1. **Background**

In addition to socially-driven provision, the Newcastle Social Value Commitment and process is also being applied to a significant commercial contract: Winter Maintenance. This will see the salting and snow-clearance of roads put out to external tender for the first time, for a winter 2016 contract start.

**Commissioning Opportunity:** Winter Maintenance

**Financial Value:** c. £8 million

**Contract Duration:** c. 7 years (5 years + 2 x 12 months options to extend)

**Contract Background:** The current model is based around 8 winter routes and 6 snow routes (a mixture of main arterial routes and bus routes), using pre-purchased salt at two salt barns. Market consultation is being undertaken to ascertain whether the Council’s existing fleet will be part of the contract opportunity.

1. **Engagement and Shaping of Provision**

Market consultation for this contract opportunity commenced in February 2016. At this early stage consultation has so far been centred around the ‘best’ delivery model – matching market capability, best value, and Council priorities – with approximately 20 market representatives engaging in the process to date.

As a large contract with significant environmental considerations, this passes the ‘high impact’ threshold for Social Value and requires full stakeholder consultation.

1. **Incorporating Social Value**

Following positive feedback from the first Social Value event, the approach for the Winter Maintenance Social Value discussion remained the same as that used within Family Services.

As a new external commission, the Winter Maintenance Social Value workshop was run as part of a wider market consultation event in February 2016. The event comprised a documented briefing to suppliers, and round-table discussions regarding every aspect of the proposed provision, the potential models, and approaches. Social Value was an integrated, core component of the session.

**Social Value Workshop**

The Social Value discussion took the same facilitator-led format as previously adopted, using the same structure based on the 5 pillars of Newcastle’s Social Value Commitment.

**Feedback from the Discussion**

Despite the very different commissioning context and audience, Social Value was fully engaged with, and generated lively and engaged feedback that potentially impacts across every aspect of the service.

The discussion was targeted towards service design considerations, such as: can routes be reconfigured to improve environmental impacts and community accessibility for vulnerable people, can routes be divided into lots to enable SME’s and community groups to bid, and can vehicles be incorporated in a phased approach to enable smaller providers to bid whilst ensuring they are replaced for more environmentally friendly vehicles during the contract lifetime.

|  | **Event – Key Themes** | **How the Council will Respond** | **Where this will be Incorporated into the Process** |
| --- | --- | --- | --- |
| **Think, Buy, Support Newcastle** | Employing local people will increase the chances of staff being knowledge about routes and communities, which is important to deliver a quality service | We welcome the employment of local people in this service. Drivers will be facilitated through their routes by software within the vehicles, however we will work with the successful Contractor to ensure that drivers have a sound level of local knowledge – this could be through driver training. | * Evaluation questions * Key performance indicators |
| Providers should target their investment in local supply chains for things like equipment | Support to local supply chains is important, and we would encourage Contractors to look at local sourcing options for goods and materials required to deliver this contract. | * Evaluation questions |
| Using a local business will increase the resilience to respond to severe weather occurrences at short notice | Resilience and response times for this service are crucial, due to the relative unpredictability of weather. Minimum response times will be built into the contract specification and the successful Contractor would be expected to deliver within the time constraints set out. | * Specification * Evaluation questions * Key performance indicators |
| **Community Focussed** | Training and apprenticeships for unemployed local people/ ex-offenders/ returning veterans (it is noted that HGV drivers are required for the vehicles and HGV drivers must be qualified / over 18) | Local employment, skills and training is a priority for the Council. We welcome initiatives to get local people into training and employment via this contract, particularly groups such as veterans, ex-offenders and NEET (not in Employment, Education or Training). | * Evaluation questions * Key performance indicators |
| Work with local VCS/ care providers / schools to ensure access to places where vulnerable communities may be – grit these roads to ensure access for emergency vehicles in winter conditions | We would welcome Contractors working with local partners to add value to this service, particularly for vulnerable groups and communities. The Council will facilitate links into local partners with the Contractor to enable this to happen. | * Evaluation questions |
| **Ethical Leadership** | Pay and conditions – e.g. use of national living wage, avoid use of zero hour contracts. Budget would need to allow for this | As a living wage employer we encourage Providers to pay all staff the Newcastle living wage. As of April 2016 all organisations must pay staff the national living wage and should make provision for this within their financial profiling. | * We will promote the Newcastle Living Wage within the Commissioning phase of the process |
| Use public sector standards in supply chain | Providers should abide by any legal standards within their contract throughout their supply chain for example, payment terms. Contractors should pay their supply chain within 30 days of receipt of invoice. | * Specification * Contract * Pre-Qualification Questionnaire |
| **Green and Sustainable** | Environmentally friendly vehicles – if the 57 plates vehicles that the Council owns are to be part of the contract, could these be phased out during the life of the contract and replaced by more efficient vehicles? | We anticipate that the existing fleet of 57 plates will be part of the contract from the outset. We will work with the successful Contractor to ensure that as these vehicles are renewed, they are replaced with vehicles that are fuel efficient and reduce harmful emissions | * Commissioning model design * Specification * Evaluation questions * Key performance indicators |
| Consider options to improve route optimisation, and whether there is potential to combine some routes | Contractors will have a further opportunity to review our current routes when our proposed contract opportunities is published. We will include in this document, the additional data requested from the event to ensure potential Tenderers have the information required to make an informed decision. We will consider changes to routing in line with the feedback received against our proposal document. | * Commissioning model design * Specification * Evaluation questions * Key performance indicators |
| Abide by industry standards for use and storage of salt | Contractors will be expected to abide by all industry standards. This includes the use and storage of salt. | * Specification * Evaluation questions * Key performance indicators |
| Length of Contract should be greater than 7 years due the investment required | The Council is considering extending the length of contract to take into consideration the long term investment. The revised position will be in our contract opportunity proposal document. | * Commissioning Model |

Gaining Social Value input at this early commissioning stage is enabling the Council to consider stakeholder views within the service model design, including elements such as:

* The potential environmental gains of specifying when vehicles will need to be replaced, and the environmental/CO2 standards required;
* Environmental/cost gains from use of other spreading media/innovation;
* The potential gains of breaking into Lots in providing support to local businesses (who might use the contract as a key pillar for local growth and commercial sustainability or to sustain jobs across different types of work such as landscaping summer/road clearance winter);
* Local purchasing of replacement vehicles;
* Lots that allow community/locally based businesses to provide ‘added value’ vehicle runs additional to the Specification where they understand local needs;
* Potential to connect Social Value generated under this contract with the needs of other services (such as connecting with business continuity planning for Domiciliary and other care provision, schools, care homes etc.)

**Feedback from the Approach**

The framework again sparked a rich and varied discussion amongst the stakeholders in relation to Social Value, and most of the attendees grasped the concept well. In this more commercial marketplace there was more of a focus upon the costs of providing additional social benefits within the contract, but an overall willingness to do so and proactively contribute ideas.

The importance of well-informed facilitation was clearly highlighted in this session, as some more informed facilitators were able to generate more in-depth feedback from delegates than those who were new to the framework. The Council will therefore embed training on facilitation of the framework within its learning and development plan.

Suppliers are now engaged with Social Value from the outset, and this will develop as the commissioning and commercial models are formulated.

The impact of Social Value on the final model, the specification, on ‘quality’ and specific ‘Social Value’ questions will be assessed at each stage and reported as supplements to this report.

**3. Evaluation and Comments**

The approach of Newcastle City Council has been to positively grasp the intention and potential of the Social Value Act. Rather than as a procurement ‘burden’ it has been seen as a tool for providing focus, buy-in and action from suppliers and stakeholders in generating the maximum value and local impact from strategic budgets.

Careful, consultative, focussed activity has resulted in robust Social Value Commitment that goes beyond a policy statement into a consistent framework from which to approach and drive engagement and results.

Consideration of Social Value has been successfully and consistently embedded and integrated as part of the commissioning process across two very different procurements.

This includes Social Value workshops, which (with careful and positive preparation and management), have used the pillars of the Social Value Commitment to generate deep and insightful feedback. Key to this has been thorough presentation, clear vision and objectives, and table-based facilitators able to guide and mentor discussion.

Principles and practice have been readily understood by different audiences, from social and community providers across local Family Support Services to commercial providers of all sizes engaging with Winter Maintenance. They have approached this issue with little or no prior knowledge or understanding, yet fully engaged with the process and appreciated the partnering, consultation, and listening that the process represents.

This should mean that as Social Value becomes evident throughout the rest of the process, suppliers will understand where and why it has been generated and will be in a position to use this fully during competitive tendering.

Key to the success to date has been the positive culture and approach of the senior managers, and the integration of Commissioning and Procurement at every step: ensuring joint understanding and objectives, and a fully informed handover into formal procurement processes able to protect gains and insights wherever possible.

At this stage we have yet to see how the accumulated Social Value has transferred to the final specifications and tenders, and will be tracking how this is affected by other factors and decision making, including procurement rules and regulations, and potential conflicts between ‘best’ social model, preferred Council model, and commercial constraints.

**4. Further Work and Reporting**

* Examination of Social Value within the published specifications, outcomes and outputs, and tender documentation as they are released (June 2016 onwards);
* Assessment of how Social Value has been incorporated and how this has been generated through the consultation and workshop process;
* What decisions or barriers or other issues mitigate against full harnessing of Social Value?
* Evaluation of all embedded Social Value and its potential impact on service performance, cost and local impact (where and how has it *made a difference*);
* How lessons learned and proven process has been adopted more widely;
* Longer term assessment of contract management, delivery and capture of measured value.

**Appendix 1: Social Value Commitment**

|  |
| --- |
| **Newcastle City Council Social Value Commitment**  **What is Social Value?** |
| Social Value is, simply, value that accrues in our local communities. It is what city residents say is valuable to them, for example; sustainable employment, a decent place to live, and equal access to a range of quality services in the local area.  In making a Social Value Commitment, we want to help both **create** Social Value, and **recognise** its worth.  Social Value is not an ‘add-on’ to core business we will design and embed Social Value **into** the goods, works or services we procure in the first place. |
| **Our Principles** |
| In developing our local Commitment, we have talked with local partners from the city’s Social Enterprise, voluntary, charitable and private sectors to find out what they and their stakeholders think Social Value is in Newcastle, and how they think it should be recognised.  These partnership discussions have led us to set out the following principles:   1. **Think, Buy, Support Newcastle**   We will value local spend and recognise that Social Value is a part of our core business.  Spending money locally generates value across our supply chain, and effectively delivers it to local people.  For instance, research by the Federation of Small Businesses[[1]](#footnote-1) suggests that every £1 spent by a local authority with local SME’s generated an additional 63p of benefit for the local economy.  It is therefore important that we place appropriate value on the spending of money in our local economy. To do this, where the market allows, we will prioritise targeting our procurement spend towards Newcastle-based organisations.  **Example – Local Procurement through NEPO**  In 2012, the Council began to purchase goods (and in 2013 works) via a ‘Quick Quotes’ system within the North East Procurement Organisation (NEPO). This system allowed us to specifically invite 4 organisations to bid (2 of which are Newcastle based) each time we issued a contract on a price-only basis under £50k.   1. **Community Focussed**   We will seek to understand and deliver value that local people recognise. We will not assume that we know what people in the City want, but instead, we will ensure that we have mechanisms in place for local people and partners to feedback to us on a regular basis and use this feedback to shape our practice.  In doing this, we believe that we should – together with partners who have a common interest in the future growth, success and vibrancy of the city – push for greater recognition of, and response to, the specific local social challenges in everything we do.  For example, we could use our collective purchasing power to push for more jobs and apprenticeships in the city, or encourage businesses to offer a greater contribution to local people through Corporate Social Responsibility (CSR) activity.   1. **Ethical Leadership**   We understand that Social Value is not just about CSR or legal obligations, but is integrally linked to our ethics and beliefs. We will therefore seek to work with businesses that employ high ethical standards within their practice, and those who want to work to improve their ethical approach.  For example, we will aim to contract with those organisations that pay their fair share of taxes, those that pay their staff a living wage, those that utilise environmentally sustainable practices and those that ultimately have a positive effect on our communities through the work that they do. We will also aim to procure Fairtrade products wherever possible, as part of the City’s commitment to Fairtrade[[2]](#footnote-2).  **Example – Animal Cruelty Free Food Procurement Policy**  In 2009 an Animal Cruelty Free Food Procurement Policy was adopted in the Council which allowed us to trade with organisations that embrace the need for animals to be free of suffering, pain, disease, discomfort, hunger, thirst, fear and distress endured on farms, whilst protecting their need to be able to engage in natural behaviour.  To enable this, the Council has incorporated criteria into all of its contracts involving food products to ensure that they meet the ‘Five Freedoms’ standards of animal welfare.   1. **Green and Sustainable**   As part of our ethics commitment, we commit to using resources efficiently and protecting the environment by minimising waste and energy consumption. We want Newcastle to continue to be a great place to live, work and visit and we know that to do this we need to look after our environment.  As well as ensuring our own high performance in this area as part of our Climate Change Commitment[[3]](#footnote-3), and our commitment to prepare for its impacts[[4]](#footnote-4) we will work with partners and providers to promote green and sustainable practice in the work that we commission and procure. For example, where applicable we will encourage recycling to reduce waste, minimise negative local impacts such as noise pollution, promote measures to reduce the City’s carbon footprint, and ensure suppliers are considering how climate change will affect their business.   1. **Enabling Change**   To do all of this, we need to equip ourselves and others to create and recognise the broad selection of things which together deliver Social Value.  For our Commitment to be meaningful, we need to be very active in enabling both Council staff (particularly, but not only, Commissioning and Procurement staff), and also our local private, Social Enterprise and voluntary sector partners to respond to the challenge.  This means ensuring people understand not only our high level principles, but also what Social Value might look like in their context and, critically, what they might personally do to create it.  We will develop an appropriate, lean approach to assessing and measuring Social Value contributions that embeds it as part of what we do, day to day. |

**Appendix 2: The Framework**

**Identifying and securing commissioning opportunities for Social Value**

**Introduction**

This note proposes an approach to identifying and securing Social Value opportunities throughout the whole commissioning cycle. It specifically responds to the requirements of the Social Value Act which focuses on ‘designing in’ Social Value in the service design phase, as well as setting out how we will implement opportunities that are identified during procurement and contract management.

**Principles**

The Council has made a Social Value Commitment which sets out five principles of Social Value, which must form the basis of our Social Value focused activities throughout our commissioning cycle. These are:

* Think, Act, Support Newcastle – thinking about local benefit first
* Community Focused – thinking about the Value that could accrue to whole communities (as distinct from customer or service user groups)
* Ethical Leadership – thinking about how we make sure our suppliers and their supply chains operate in line with Council principles
* Green and Sustainable – thinking broadly about the environmental and sustainability aspects of our commissioning
* Enabling Change – making sure stakeholders have the knowledge, information and skills to be able to make Social Value real

These factors are what we have agreed Social Value means in Newcastle. We must also be able to articulate within this framework how our Social Value impact relates to the pre-existing three ‘pillars’ of sustainable procurement - Environmental, Economic and Social benefits - which are maintained within the Act.

**Determination of impact potential and role of corporate Social Value leads**

At present, we have individuals identified across council functions who are equipped to advise on the three domains of sustainable procurement – environmental, economic and social. Our principles cut across these three domains. We need to develop a methodology for assessing when engagement of these lead individuals is sufficient, and when it is appropriate and proportionate to involve a much wider stakeholder group.

**Added value of regional working**

These principles are locally adopted and must form the basis of our local Social Value assessment. However, there is valuable work going on in the region to build a reference list of KPIs, contract clauses and evaluation criteria on which we will draw, and to which we will want to contribute through the opportunity identification process set out below.

**Process steps within which Social Value should feature**

Our cycle can by understood as including 4 distinct tasks where we need to tangibly including Social Value actions:

1. Service design, including stakeholder and market engagement

2. Specification and development of contract requirements including definition of performance measures

3. Development of evaluation criteria and scoring, including:

1. Evaluation of specific contract/specification requirements
2. ‘Free’ Social Value additions, representing added value that bidders offer to augment the specified delivery

4. Contract management including

* 1. How we will manage performance and respond to sub-performance against defined Social Value measures
  2. How we will aggregate Social Value impact across our commissioned activity

|  |  |
| --- | --- |
| Service design | **Social Value Opportunity Identification (SVOI)**  SVOI should become a core part of our service design process (mapping this out at a high level is an associated task).  ***Steps***   * Assess whether SV impact of activity is low or high   + Low impact activities to be assessed by C&P with corporate SV leads only   + High impact activities to be assessed with external stakeholder impact – Commissioner discretion as to how this is achieved (eg: workshop, via email, Let’s Talk etc.) NB: contracts over EU threshold values will always be high impact * Via chosen process, complete SVOI assessment and report– see Appendix 1 * Upload newly defined SV clauses, measures and evaluation criteria to regional reference list |
| Specification and contract requirements | Draw down of identified clauses and performance measures – newly defined and pre-existing in the regional reference list |
| Evaluation criteria and scoring | Draw down of identified evaluation criteria – newly defined and pre-existing in the regional reference list - and reference to weighting precedents |
| Contract management | Monitoring of KPIs designed to assess intended Social Value impact  Aggregation of these to assess cumulative benefit |

**A Social Value opportunity identification assessment**

*A framework of questions linked to our principles to help stakeholders identify opportunities to build in Social Value.*

1. **Think, Buy, Support Newcastle**

What benefits will local delivery bring? How will local people benefit (including but not only service users – think about the broader community who may experience employment, environmental and social benefits?)

Answers will influence: Evaluation questions; KPIs

1. **Community Focused**

Thinking about the whole community (explicitly not service users):

* What geographic or community boundary options are there within this opportunity that could influence Social Value
* What does community data tell us about the potential contract geographies that can help us understand what particular Social Value related needs or interests exist within these boundaries?

Answers will influence: Contract geography decisions, linked to lotting; KPIs

1. **Ethical leadership**

What ethical issues exist within the contract subject area:

* Relating to service users or customers?
* Relating to the whole supply chain?
* Relating to the community as a whole?

How could these be resolved, and what benefits would accrue to the community if this was achieved?

Answers will influence: Contract clauses; KPIs; evaluation questions; procurement route (including use of PQQ)

1. **Green and Sustainable**

What environmental sustainability issues exist within the contract subject area:

* Relating to service users or customers?
* Relating to any goods or consumables that are frequently used in the current model?
* Relating to use of natural resources in the current model?
* Relating to the community as a whole?

Answers will influence: Contract clauses; KPIs; evaluation questions; procurement route (including use of PQQ)**Appendix 3: Social Value Workshop**

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|  | **Social Value Workshop Agenda** | |
| **1** | **Arrival and Networking**  (2.30pm –2:40pm) | *Welcome, relaxed environment* |
| **2** | **Welcome and Introduction**  (2:40pm – 2:45pm) | *Setting out aims and objectives of the session* |
| **3** | **Presentation**  (2:45pm – 3:05pm)   * Social Value Act * Newcastle’s Commitment * Framework for discussion * Recap on progress so far in Family Services | *Social Value Context & Importance*  *Its relevance to the Service and Commissioning*  *Newcastle’s Social Value Commitment*  *Potential and Value of Stakeholder Input* |
| **6** | **Table Discussions**  (3:05pm – 4:05pm)  To put the commitment into practice looking at:   * Think, Buy, Support Newcastle * Community Focussed * Ethical Leadership * Green and Sustainable | *Facilitated Round Table Discussion and capturing of ideas, issues and insight.*  *Full group discussion by each key topic* |
| **7** | **Next steps**  (4:05pm – 4:15pm) | *How feedback from the session will be incorporated into the model and commissioning.*  *Call for any follow up feedback.* |
| **8** | **Lessons learned**  (4:15pm – 4:30pm) | *Feedback about the Workshop itself – how worked, perceived value, issues.* |

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1. <http://www.fsb.org.uk/policy/assets/local-procurement-2013.pdf> [↑](#footnote-ref-1)
2. <http://www.newcastle.gov.uk/sites/drupalncc.newcastle.gov.uk/files/wwwfileroot/business/fairtrade/2014_renewal_certificate_0.pdf> [↑](#footnote-ref-2)
3. <http://www.newcastle.gov.uk/wwwfileroot/legacy/ns/environment/THENEWCASTLECLIMATECHANGEDECLARATION.pdf> [↑](#footnote-ref-3)
4. <http://www.thebiggreenpledge.org.uk/sites/www.thebiggreenpledge.org.uk/files/Adaptation_research/Mayors%20Adapt%20Commitment%20-%20Newcastle%20upon%20Tyne%20-%20Signed%20-%2024.09.2014.pdf> [↑](#footnote-ref-4)