

Cherwell District Council

Executive

7 February 2022

Approval of a Cherwell District Council Social Value Policy

Report of Director of Law and Governance

This report is public

Purpose of report

To advise Executive on progress towards introducing a Social Value Policy for Cherwell District Council.

1.0 Recommendations

The meeting is recommended:

- 1.1 To approve the draft Social Value Policy (Appendix 1).
- 1.2 To approve the planned implementation of the Social Value Policy, as outlined in the report.

2.0 Introduction

- 2.1 Initial plans were for a joint Cherwell District Council (CDC) and Oxfordshire County Council (OCC) Social Value Policy, as set out in the first, CEDR (Chief Executive Direct Reports, the senior leadership team) report on social value, that was approved on the 18 November 2020 (see Appendix 2).
- 2.2 Following a discussion at the Directorate Leadership Team (DLT) meeting for Commercial Development, Assets and Investment on 18 November 2021, two separate Social Value Policies, one for OCC and one for CDC, have been developed. This second report will focus on the new approach and the CDC Social Value Policy in particular; for details of the former approach, please consult Appendix 2.
- 2.3 Once implemented, the two Policies will enable each Council to manage social value as appropriate for their differing external spend profiles and/or internal budgets. Common to both policies will be the ability to deliver increased value from procurement activity and to adhere to the requirements of the Public Services (Social Value) Act 2012.

- a. Please see [here](#) for full details, including a link to the legislation itself. There has also been a recent Public Procurement Notice (PPN 05/21) published in June 2021 (see [here](#)), which was effective immediately.

- 2.4 Development of the final draft of the Social Value Policies (see attached Appendix 1 for CDC's Policy) has been completed with the support of our supplier, the Social Value Portal ("SVP"). SVP are a market leading social enterprise, who operate a portal tool for tendering and contract management and who provide expert advice on the development of social value policies.
- 2.5 Further work has been undertaken to design the implementation of the Social Value Policies to ensure effective and measurable outcomes. This will include the launch of the portal tool ("the Portal"), a reliable online platform to manage the social value tendering process, as well as measure and report on social value delivery after contracting.
- 2.6 The Portal is underpinned by a robust, well-regarded and appropriately tested "TOMs" (Themes, Outcomes, Measures) Framework methodology, which will be tailored to suit each Council's specific needs. Further detail of the online platform and TOMs Framework is provided in the previous CEDR report (Appendix 2).

3.0 Report Details

Background

- 3.1 SVP were selected as our supplier for this project, because they are subject matter experts in the field of social value and they have demonstrated an additional 20 per cent in social value generation through their experience of working with more than 80 other public sector organisations and in developing social value best practices over the past seven years. The first year's membership fee was £15,000 GBP so the business was direct-awarded as allowed by our procurement process.
- 3.2 SVP are providing the following services to OCC and CDC:
 - a. general consultancy services;
 - b. desktop research and peer review (focused on other LAs);
 - c. expert advice on policy development, including internal policy reviews;
 - d. expert advice on project implementation (including the portal tool);

And after approval of the two policies, SVP will be providing these services:

- e. implementation and launch of the policy and portal tool;
 - f. providing training and hosting webinars to improve understanding of social value and the portal tool;
 - g. day to day running of the portal tool including providing technical support;
 - h. providing access to data (entry or measurement) and reporting for suppliers, Service Areas, Procurement and wider Council stakeholders.
- 3.3 Policy Development Progress

- 3.3.1 As part of the policy development process, the following steps were undertaken by SVP working collaboratively with OCC and CDC:
- a. An internal policy review was undertaken to identify local priorities, challenges and needs for Oxfordshire and Cherwell across jobs, growth, social and environment themes. This will ensure the social value generated is effectively directed where it is most needed.
 - i. The review included the OCC Corporate Plan, CDC Business Plan, OCC and CDC Contract Procedure Rules as well as the OCC and CDC Climate Action Frameworks and Waste Strategy.
 - b. A peer review was undertaken. The social value policies of Blackpool Council, Lancashire County Council, Tunbridge Wells and Brighton and Hove City Council were assessed to identify best practices and any learnings.
 - c. An analysis of buying activity was conducted to understand the potential in social value for OCC and CDC. The analysis helped to identify appropriate social value weightings and weighting thresholds.
- 3.3.2 As a result of this, SVP were able to provide detailed recommendations on developing effective social value policies for each Council, guiding the development yet allowing us to adapt to the individual requirements of both OCC and CDC.

Summary Elements of the CDC Social Value Policy

- 3.4 Listed below is a summary of important policy elements, with full details provided within the policy itself (see Appendix 1 for CDC's Policy):

3.5 Spend Threshold

- 3.5.1 A spend threshold of £75,000 has been incorporated within the CDC policy. All tender responses for contracts above this value will have suppliers' social value commitments evaluated alongside standard price and quality elements.
- a. There is an adjustments and exemptions process, subject to relevant approvals set out in the policies, e.g. to account for lack of flexibility in frameworks and DPSs to include social value in the tender exercise.
- 3.5.2 Based on an analysis of recent OCC and CDC spending, contracts of a value over £100,000 represent 62 per cent of total spend (known to the Procurement and Contract Management Hub), which covers 99% of total social value potential.
- 3.5.3 Setting such a spend threshold ensures a balanced approach to increasing productivity within our supplier relationships, whilst still ensuring their social value commitments are in proportion to total contract spend.

3.6 Tender Evaluation Weighting

- 3.6.1 The primary mechanism for embedding social value in procurements is through incorporating a social value weighting, alongside standard price and quality weightings, in tender evaluations. A proportion of the overall score awarded for above-threshold tenders is dependent on bidders' quantitative and qualitative responses detailing their proposed social value commitments.

- 3.6.2 Two tiers of social value weightings are included within the CDC policy:
- For tenders valued over £75,000 but below the public procurement thresholds, a minimum social value weighting of 12 per cent will be applied in the tender evaluation stage;
 - For tenders valued above the public procurement thresholds, the social value weighting increases to suggested minimum of 16 per cent;
 - The remaining score for tender evaluations is split between price and quality (and any other required element), each weighting being reduced by the same percentage amount to preserve the ratios relative to each other.

3.7 Prioritisation

- 3.7.1 Individual social value measures can be prioritised to encourage bidders to offer additional benefits where the priority is highest. Through bidding against the higher priority measures, bidders can achieve a higher social value quantitative score.
- 3.7.2 Reflecting the significant carbon emissions resulting from the Council's supply chain and the high priority of taking climate action recognised by CDC, all climate-related measures will receive a maximum prioritisation (3x).
- 3.7.3 In addition to climate action measures, additional selected social, economic and environmental measures will receive a higher prioritisation (2x or 3x) to reflect CDC priorities.

3.8 Accessibility and Supporting Local Suppliers

- 3.8.1 Ensuring fair and appropriate accessibility of council contracts for a broad range of companies, particularly MSMEs, local businesses and those of diverse ownership or management, represents an important aspect of the Social Value Policy.
- 3.8.2 Lower value tenders are likely to be particularly suited to local MSMEs, which are particularly important to Cherwell due to the local growth, local employment and in many cases the reduced transport emissions they would generate.

3.9 Implementation Process

- 3.9.1 Alongside development of the policy, progress has also been made in identifying key steps to ensure effective implementation of the policy:
- a. Themes Outcomes Measures (TOMs) Workshop** – Involving key officers from across service areas, the workshop will provide an introduction to social value measurement, a review of social value priorities and a mapping exercise to ensure the social, economic and environmental measures within the TOMs Framework are appropriately aligned and adapted to key Council priorities, needs and requirements.
 - b. Invitation to Tender (ITT) Document** – Social Value Portal have provided a template ITT document, which is being tailored to suit the Council's processes and ways of working. This will then be finalised and made ready for use in live tender exercises, and can be further customised to reflect the specific requirements of each purchase being undertaken.

- c. **Training** – Social Value Portal will provide a range of training to support effective implementation of the Social Value Policy. Specific portal training will be provided for the procurement team alongside more general training for officers across different service areas. An ongoing series of bidder and supplier engagement webinars will also be held.
- d. **Communication and Engagement** – An engagement plan is currently being developed to ensure councillors and officers are aware of the Social Value Policy, understand its purpose and what their role will be in ensuring its effective implementation. A range of internal communications and briefings will be planned to support this.
- e. **Set Up Portal** – An account will be created on the portal tool provided by Social Value Portal, with specific sub-accounts for OCC purchasing, CDC purchasing and perhaps also any joint purchasing. Accompanying technical guidance will be provided to support the procurement team (alongside the procurement-specific training completed in December 2021).
- f. **Bid Evaluation** – As part of the membership and alongside access to the portal tool, SVP will evaluate all suppliers' social value commitments and feedback their recommendations to the procurement team. The winning supplier will be charged an annual fee of 0.2 per cent of the contract value, capped between £750 and £7500, covering evaluation of the social value bid responses and their ongoing membership of the Portal for related data reporting and performance management.

3.10 Monitoring and Reporting

- 3.10.1 In addition to the social value tendering as set out above, the Portal is a contract management tool that effectively tracks supplier performance as they deliver social value in the field. This social value will be evidenced using the TOMs Framework and suppliers are required enter their delivery data periodically.
- 3.10.2 The platform includes a dashboard facility to monitor social value delivery in summary and using a visual format. The data can be segmented in many ways, including according to council priorities, such as total carbon emission reductions reported in tonnes of CO₂e. It can also showcase key outcomes, such as the number of hours of CV workshops for care leavers, NEETs, military workers, etc.
- 3.10.3 SVP will review the social value data on a quarterly basis, highlighting any concerns on data quality with the supplier. The Council and its suppliers will be able to download performance management reports from the Portal on an e.g. quarterly basis (exact frequency can be adjusted to suit the circumstances).
- 3.10.4 SVP will prepare an annual and/or end of project report (including case studies, if information available) and share this with the supplier and the Council.

3.11 Governance

- 3.11.1 The development of the policy is being led by the Procurement Policy and Governance Officer along with the Climate Action Policy Officer and the Localities and Partnership Team Leader (Communications, Strategy, Insight).

3.11.2 The policy has progressed to Executive (this meeting, 7 February 2022) via the appropriate governance steps, with details provided below in point 3.13 and in section 5.0, Consultation.

Communications

3.12.1 SVP have presented to several Policy, Procurement and Climate Action team officers. They also hosted the implementation project kick-off meeting in April 2021 and delivered training for the Procurement and Contract Management Hub in December 2021.

3.12.2 The project team have begun to engage Communications (the Senior Internal Communications Officer on general internal communications matters, and the Climate Action Policy Officer on the Climate Café and other climate-specific communications matters), for help with building a robust communications and engagement plan for the social value project.

3.12.3 Engagement is already taking place with both Councillors and Officers to ensure the Social Value Policies are successfully embedded within both Councils. This need was captured in the draft communications and engagement plan, and relevant briefings are already under way with the appropriate Councillors and Officers as needed.

Key Dates

3.13 The following key dates are anticipated for the next stages of policy development and portal implementation:

Stage	Action	Expected Month
Policy Development	ECIA review/approval	November - Completed
	Share draft policy with Steve Jordan and Bill Cotton for content sign-off	November - Completed
	Draft policy presented to CEDR for approval	December - Completed
	Portfolio Holder Briefings	January - Underway
	Informal Cabinet/ BPM Approval	December/January
	Cabinet/ Executive Approval	February
Policy Implementation	Develop Communications and Engagement Plan	Began late August; ongoing
	Hold TOMs workshop to align policy priorities with social value measures	Following CEDR approval (e.g. December or January)
	Training	Following CEDR approval, beg. December - Underway
	Portal Set-up	Following CEDR approval (e.g. January or February)
	Project Go Live	Following Executive and implementation (e.g. April).

4.0 Conclusion and Reasons for Recommendations

- 4.1 The aim of the CDC Social Value Policy is to enable the Council's spending to go further by encouraging suppliers to commit to providing additional social value, through the tendering process, that will benefit local communities within Cherwell.
- 4.2 Incorporating social value into our procurement process can be achieved with minimal additional time and cost, yet it is a change that can make a real difference to people in the local community, to service delivery and to the Council's spending plans as a whole.
- 4.3 Social value is also a legal requirement as set out in the Public Services (Social Value) Act 2012, which came into effect in January 2013, and the recent National Procurement Statement (PPN 05/21) published in June 2021. Both the law and the statement apply to all types of public bodies, including local authorities. The mandatory nature of this legislation underlines the importance of launching the policy as quickly as possible.
- 4.4 The CDC Social Value Policy is intended to define our objectives and strategy, as well as provide a high-level framework governing the practical procurement context (when tendering and managing contracts). The policy will sit above our organisation's specific social value measures, known as TOMs (Themes, Objectives, Measures). Both are aligned with Council priorities and together will determine how Cherwell captures social value from its suppliers.
- 4.5 Adoption of this policy will provide benefits that meet the Council's priorities, as detailed in the Corporate, Local and Business Plans, the Climate Action Framework and the joint Including Everyone: Equalities, Diversity and Inclusion ("EDI") Framework. An important example would be an increase in spending with local suppliers, which would support the local economy and job market. This would enable Cherwell to build back better and contribute to other key priorities including emission reductions and flourishing communities.

5.0 Consultation

Consultation	Name of specialist(s) consulted	Date [if you have consulted more than once list all the dates]
Other teams/functions likely to be impacted	Melissa Sage Sarah Gilbert Sandra Fisher-Martins	22/07/2021 27/07/2021 16/11/2021
Budgetary Implications	Ian Dyson (OCC) Michael Furness (CDC)	26/08/2021 26/08/2021
Staff implications/HR		
Legal Implications	Christian Smith	19/08/2021
Equality Implications	Steven Fairhurst-Jones Anita Bradley	Project team member
Risk Management		
Communications	Lisa Bergin Venina Bland (Climate Café, etc.)	25/08/2021 23/09/2021

Assistant Director		
Director	Anita Bradley	18/11/2021
Corporate Director	Steve Jordan	18/11/2021
CEDR	CEDR Members	08/12/2021
Portfolio Holder	Cllr Tony Ilott (Finance)	Prior to Exec

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: The option of doing nothing is not available for this project, because it is a legal requirement as set out in the Public Services (Social Value) Act 2012 and the recent National Procurement Policy Statement (PPN 05/21) published in June 2021.

Option 2: The option of undertaking the project using only internal resource was considered, however this would have incurred significant soft costs and would have also taken much longer to implement. Utilising the expertise of the Social Value Portal was considered the best value option, enabling the policy to be effective, well-considered and informed by best practices. In addition, the social value resulting from the new policy is expected to be many times the cost of annual membership, which is relatively low at £15 K GBP.

7.0 Implications

Financial and Resource Implications

- 7.1 The Social Value Policy seeks to enable the Council's spending to go further by encouraging suppliers to commit to providing additional social value that will benefit local communities within Cherwell.
- 7.2 Additional social value generated from implementation of the Policy will be directed towards council priorities, as set out in our Corporate and Business Plans, utilising the prioritisation approach within the TOMs Framework to achieve this.
- 7.3 The costs associated with funding support from SVP have so far come from the Climate Action team budget and consist of the following:
- a. SVP to support policy development and associated research - **£6,000**
 - b. First year's access to the SVP platform, April 2021 to March 2022 - **£15,000**
 - c. Ongoing subscription to SVP's platform in following years will require further funding (currently £15,000 per annum or £36,000 for three years).
- 7.4 Price will continue to be weighted up to ~3x more than social value in our tender exercises, meaning that bidders will want to remain competitive and avoid passing on any additional costs arising from their social value commitments to the Council. Social value commitments made by bidders are also non-prescriptive, enabling suppliers to commit social value in areas that best suit their business models, at minimal additional cost.

- 7.5 Ongoing subscription to the SVP portal will be reviewed following the initial one-year subscription, including through engagement with suppliers and procurement colleagues where necessary to ensure the subscription is delivering the required benefits.

Comments checked by:

Michael Furness, Assistant Director – Finance

01295 221845, michael.furness@cherwell-dc.gov.uk

Ian Dyson, Assistant Director – Finance

+447393001250, ian.dyson@oxfordshire.gov.uk

Legal Implications

- 7.6 A legal review of the final draft Social Value Policies, draft report and relevant backgrounds materials was conducted by Christian Smith (Principal Solicitor – Contracts). He was the appropriate choice because he had also been involved earlier in the project, including but not limited to conducting the legal review of the contract between the Councils and SVP.
- 7.7 The outcome of this legal review was as follows:
- a. “No comments from me although it will be important to ensure that the [Social Value Policies] and [any] procurement practices arising from [them] remain aligned with the new UK procurement regime expected to come into force in 2022.”
- 7.8 The legal advice provided by Christian Smith, as set out in the above point 7.7 a), was incorporated into the overall project plan and when the full details of the new UK procurement regime are finalised and announced, the project team will ensure the Social Value Policies and any procurement practices arising from them will be updated accordingly. This activity will then be repeated for any further changes to UK procurement law on an ongoing basis.

Comments checked by:

Christian Smith, Principal Solicitor – Contracts

(No active contact details as he has now left the Councils).

Risk Implications

- 7.9 It has been questioned whether introducing social value could inflate the cost of contract delivery, leading to price rises over time. However, this should not occur since price will remain a primary element of all tender exercises, as set out in point 7.4 above. In addition, taking a non-prescriptive approach allows suppliers to deliver social value where they are most able, rather than having to commit additional resource to deliver specific outputs.
- 7.10 Development and implementation of a Social Value Policy and related portal tool requires some additional staff time. This ongoing requirement has been minimised by engaging SVP to provide various services to the Councils as set out in point 3.2 above. Any further staff time requirements will be allocated between the project team, made up of the Procurement Policy and Governance Officer, Climate Action Policy Officer and Localities and Partnership Team Leader, as appropriate.

- 7.11 If, after a time, the experience of using the portal tool was not considered satisfactory, there would likely be some challenges around changing to an alternative provider. However, the steps are likely not insurmountable and could be overcome with time and appropriate resource, such as: further training in any new tool, adaptations to internal processes, and adjustments in how e.g. social value bid evaluations are run. There would likely be legacy issues following any change of system, such as difficulty comparing data generated across two tools, particularly if the methodology and/or calculations used are significantly different.
- 7.12 SVP have allocated a dedicated Social Value Advisor to provide consistent and appropriate guidance for the ongoing effective implementation of the policy and portal tool. This Advisor will also coordinate any ongoing training requirements.
- 7.13 These risks will be managed as part of the operational risk register and any risks escalated to the leadership risk register as and when necessary.

Comments checked by:

Louise Tustian, Head of Insight and Corporate Programmes
01295 221786 louise.tustian@cherwell-dc.gov.uk

Equalities and Inclusion Implications

- 7.14 The CDC Social Value Policy is aligned to Council priorities on equality, diversity and inclusion and will therefore require bidders to align delivery of their bid with those values. They will retain the freedom to identify the additional social value benefits most suited to their business models.

Comments checked by:

Steven Fairhurst-Jones, Localities and Partnerships Team Leader
+44 7392318890, steven.fairhurstjones@oxfordshire.gov.uk

Sustainability Implications

- 7.15 Both the OCC and CDC Climate Action Frameworks include commitments to work with suppliers and the supply chain to reduce their carbon emissions. The Social Value Policy will support the delivery of such commitments in a number of ways, including maximum prioritisation of environmental measures in tender exercises.

Comments checked by:

Sandra Fisher-Martins, Climate Action Mobilisation Manager
+44 7584 174682, sandra.fisher-martins@oxfordshire.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: Yes

Community Impact Threshold Met: Yes

Wards Affected

All

Links to Corporate Plan and Policy Framework

- 8.2 As set out in point 3.3.1 above, an internal policy review was undertaken to identify local priorities, challenges and needs for Oxfordshire and Cherwell across jobs, growth, social and environment themes. This will ensure the social value generated is effectively directed where it is most needed.
- 8.3 The review included the OCC Corporate Plan, CDC Business Plan, OCC and CDC Contract Procedure Rules as well as the OCC and CDC Climate Action Frameworks and Waste Strategy.
- 8.4 As a result of this and the peer review also detailed in point 3.3.1, SVP were able to provide detailed recommendations on developing effective social value policies for each Council, guiding the development yet allowing us to adapt to the individual requirements of both OCC and CDC.

Lead Councillor

Councillor Tony Illott, Lead Member for Finance and Governance

Document Information

Appendix number and title

- Appendix 1: CDC Social Value Policy – Final V2
- Appendix 2, *Previous CEDR Paper, Nov 2020*: CEDR - Recommendation to Develop and Implement a Joint OCC, CDC Social Value Policy - 09.11.20

Background papers

None.

Report Author and contact details

Becky Spencer, Procurement Policy & Governance Officer
+447912476711, becky.spencer@oxfordshire.gov.uk