

CABINET

15 NOVEMBER 2024

REPORT OF PORTFOLIO HOLDER FOR ASSETS

A.7 SOCIAL VALUE POLICY – ESSEX PROCUREMENT PARTNERSHIP

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present to Cabinet for approval a Social Value Policy to demonstrate how the Council will deliver corporate priorities by achieving social value through procurement ensuring the additional benefit to the community which we can derive, over and above the direct purchasing of goods, services and outcomes, where these quality criteria are relevant and proportionate to the subject matter of the contract and non-discriminatory.

EXECUTIVE SUMMARY

Social Value refers to the wider financial and non-financial value created by an organisation through its day to day activities and Community Leadership in terms of the wellbeing of individuals and communities, social capital created and the environment.

A Social Value Policy acts as a 'golden thread' between the Council's Corporate Plan and the Council's procurements. The Social Value Act states that Social Value requested in procurements must be relevant to the procurement. By having a Social Value Policy in place, everything contained in the Council's Corporate Plan is relevant to the procurement. Bidders for Council tenders can be asked to support delivery of the Council's objectives as set out in the Corporate Plan.

The term 'Social Value' is defined in the Public Services (Social Value) Act 2012 which came into force in January 2013. It requires all public sector organisations (and their suppliers) to look beyond the financial cost of a contract and consider how the services they commission and procure might improve the economic, social and environmental well-being of an area.

Public authorities must consider the wider financial and non-financial value created by the way an organisation delivers the contracts they let and express the contribution to its commercial outcomes in terms of the wellbeing generated for individuals, communities, the economy and the environment. This must be achieved in accordance with the Public Contracts Regulations 2015 and the Local Government Act 1988.

Rationale for the policy

Social Value through Procurement is where an authority uses its purchasing power to achieve added value to the community. This can be achieved in the way that we specify what goods or services we are buying, but most commonly it is done by scoring tenders to give weight to added commercial value that a provider contributes to the authority and community through the way it performs the contract.

Requiring our suppliers to set out the social, economic and environmental benefits they achieve when performing our contract means that the true commercial impact is considered when tendering. It will encourage contractors to consider the way that they deliver goods, services or works, for example:

- promoting greater environmental sustainability: minimising waste and pollution, supporting carbon reduction initiatives, furthering energy efficiency and other sustainability activities.
- creating job opportunities for local residents, those not in education, employment or training, for care leavers or for people with disabilities
- providing support, advice or mentoring opportunities to the long term unemployed, schools or school leavers;
- providing sub-contracting opportunities for a diverse range of suppliers, including the participation of small and medium sized enterprises (SMEs) and 3rd sector organisations, and local suppliers in general; and
- offering a range of apprenticeship, training and skills development opportunities as well as employment opportunities.

Best practice guidance suggests that procurement procedures should permit a flexible weighting of up to 20% of total scores available on a tender to be assigned to social value, with social value forming part of the quality assessment of bids received. Essex Procurement Partnership (EPP) intends to seek social value through all of its procurements where the contract value is over £100,000 and where it is relevant, proportionate and non-discriminatory to do so. To achieve this effectively and deliver value to residents, commissioners must consider the value of commercial outcomes delivered to the authority in accordance with the Local Government Act 1988 which prohibits local authorities from using non-commercial considerations when awarding contracts unless it is necessary to comply with the law or to achieve the principles of best value. This will include consideration of the wider impact that the activities have on the economic, environmental and societal objectives of the partner authority.

These points should be assessed during the development of the strategic business case, procurement category strategy, specification, tendering process and contract management activities. To achieve this, it is important that social value is not only a responsibility of the procurement team, but also budget-owners and commissioners who have responsibility for the contracts being let. Therefore, it is considered best practice for authorities to have a corporate-wide Social Value Policy. In addition, the introduction of a corporate policy for social value would indicate to vendors the importance and longevity of this agenda. Essex Procurement Partnership have collaborated to produce the draft Social Value Policy, as set out in **Appendix A** for adoption by each Council. The Policy sets out how social value can be achieved through procurement ensuring that these quality criteria are relevant and proportionate to the subject matter of the contract and non-discriminatory.

Discussions have taken place between Officers and, in addition, events and forums will be held with local businesses to raise awareness of the Social Value Policy through the Economic Growth service and their contacts. Essex Procurement also provide material and training sessions can be arranged with suppliers.

RECOMMENDATION(S)

It is recommended that Cabinet -

- (a) approves the Social Value Policy, as set out in Appendix A, for recommendation onto Full Council for adoption;
- (b) subject to (a), authorises the Portfolio Holder for Assets (with responsibility for procurement) to approve changes to the list of Social Value Measures in the TOMs Calculator, where those measures deliver on the Outcomes agreed by Cabinet;
- (c) authorises the Director (Governance) (with responsibility for procurement) to approve the removal of TOMs measures for specific procurements, in order to meet the Public Contracts Regulations requirements for relevance, proportionality to the subject matter of the contract and non-discrimination; and
- (d) endorses an annual social value statement to reaffirm their goals to suppliers and measuring social value progress.

REASON(S) FOR THE RECOMMENDATION(S)

Implementing a Social Value Policy can elevate social value from a procurement process to an organisation-wide policy. Organisation-wide ownership of social value, will encourage each project owner across the Authority to consider how they can achieve priority objectives in the Corporate Plan, thereby ensuring they make a commercial contribution in line with the Local Government Act 1988. For example, a project manager in Directorate A can enable local jobs and skills opportunities, thereby delivering on corporate objectives in Directorate B.

The Policy can also enable us to set out a framework for:

- ensuring the social value measures we use align to the Corporate Plan **and** how changes to Social Value Themes, Outcomes and Priorities are made; and
- how changes to the specific measures listed in the TOMs Calculator are made where they deliver Outcomes agreed by the Cabinet. Each Measure sits under one of the agreed Social Value Outcomes.

This option is recommended because it meets best practice principles of publishing an organisation-wide Social Value Policy and it will enable the Council to adopt the TOMs Calculator efficiently to harness specific opportunities to deliver on corporate objectives (but only where they deliver on the outcomes already agreed by the Cabinet).

Whilst Social Value can apply with any value of contract, there is an operational cost to preparing and scoring the evaluation model. Therefore, we will normally only require social value to be considered when we are procuring a contract with a value of over £100,000.

ALTERNATIVE OPTIONS CONSIDERED

Option 1 - Do nothing – not recommended

Without a corporate-wide social value policy, social value remains the responsibility of the Procurement Team, not those responsible for the commissioning and specifying the intent of and outcomes of contracts. This can mean that conversations about social value can take place much later on in the procurement process and thereby limit the authority's ability to consult the market and raise awareness of the opportunities in a timely manner. For this

reason, this option is not recommended.

Option 2 – Adoption of the Social Value Policy, with the Cabinet approving all changes to the master list of specific social value Measures in the ‘ECC TOMs Calculator’ - not recommended.

By requiring Cabinet approval of any changes to the master list of TOMs measures, we will significantly increase the resources required to update the framework, even when the Measures deliver on the Outcomes agreed by the Cabinet. For this reason, this option is not recommended, but instead it is proposed that the Cabinet approves changes to Measures that do not align with the Themes and Outcomes they have ratified.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Tendring District Council adopted its Corporate Plan 2024-28 ('Our Vision') at full Council in November 2023 (Minute No. 76 refers) with Community Leadership and listening to, and delivering for, our residents and businesses to be recognised as cross cutting elements of the Plan. The Corporate Plan Themes are:

- Pride in our area and services to residents
- Raising aspirations and creating opportunities
- Championing our local environment
- Working with partners to improve quality of life
- Promoting our heritage offer, attracting visitors and encouraging them to stay longer
- Financial Sustainability and openness

“To continue to deliver effective services and get things done we must look after the public purse; that means carefully planning what we do, managing capacity, and prioritising what we focus our time, money and assets on. Tough decisions will not be shied away from, but will be taken transparently, be well-informed, and based upon engagement with our residents. We will give clarity on where the Council spends the money it is provided with.”

The suggested approach to social value supports the delivery of the Council's Corporate Plan and partners too, therefore **Essex Procurement Priorities** are set out in the Policy which have been aligned to TDC and other member priorities. These are:

- A strong, inclusive and sustainable economy
- A good place for children and families to grow
- Health, wellbeing and independence for all ages
- A high-quality environment

A mapping document will be provided for each Council to show which TOM supports which local Corporate Plan priorities.

Like many Councils across the country, Tendring with EPP is seeking to adopt the Local Government Association's National Social Value Taskforce 'National Themes, Outcomes and Measures' method of classifying and scoring social value in our tender processes. This method is frequently referred to as the 'National TOMs'.

The National TOMs framework was designed around 5 principal issues, 20 core outcomes and 48 core measures:

- **Themes:** The overarching strategic themes that an organisation is looking to pursue.
- **Outcomes:** The objectives or goals that an organisation is looking to achieve that will contribute to the Theme.
- **Measures:** The measures that can be used to assess whether these Outcomes have been achieved. For the National TOMs framework, these are action based and represent activities that a supplier could complete to support a particular desired outcome.

We adapted them to focus on the delivery of Tendering and our partners' objectives and priorities. This resulted in the 'EPP TOMS'. The master list of EPP TOMs is called the 'EPP TOMs Social Value Calculator'. All of these are set out in the Policy.

The way Anchor Organisations procure goods and services and work with their supply chain can have far reaching benefits on local communities, from creating employment opportunities, to raising aspirations and local skills, to improving the local environment. Procurement is frequently the starting point for embedding Social Value, ensuring every pound spent generates additional value. **Anchor Organisations have signed up to the following:**

- **Progressive and Responsible Procurement - Develop policy and tendering processes to assess, monitor and deliver social value.**
- **Meet the Buyers - Develop close working relationships with local providers and suppliers in the community.**
- **Build the Voluntary Sector - Make explicit requirements to work with and resource the voluntary sector in contracts.**

OUTCOME OF CONSULTATION AND ENGAGEMENT

This Policy has been developed through consultation within EPP, both at its Members' Advisory Group (MAG) and at Officer level.

The MAG is responsible for:

- ❖ Reviewing the performance of the partnership, providing insight and challenge to the delivery by EPP of its core objectives (as defined in terms of reference) over the life of the partnership.
- ❖ Through member networks the MAG will champion the shared approach to procurement being undertaken by EPP with the purpose of supporting the sustainable growth of the partnership.

In September 2023, the MAG agreed the EPP Objectives, one of which was to develop and introduce a common approach to Social Value to sourcing activity for the members of the partnership. Officers were requested to develop and embed a common approach to Social Value Measurement, through 2023/24, supporting partners to deliver benefits to local communities and benefitting bidders through a common, consistent approach.

On 3 November 2023, Councillor Kotz made an Executive Decision, as Portfolio Holder responsible for Procurement & Social Value, following consideration of a supporting report,

endorsing the work identified for a joint TOMs approach to Social Value for procurement purposes, and for further development against the Council's Corporate Plan, with a report being presented at a later Cabinet meeting ([tendingdc.gov.uk/Portfolio Holder for Assets Decision 03.11.23](https://tendingdc.gov.uk/Portfolio_Holder_for_Assets_Decision_03.11.23)). This Report complies with this previous decision.

The proposed approach to Social Value through procurement was presented to the EPP MAG in June 2024 and received positive feedback. The Policy has been developed around the approach consulted upon.

The Anchors Organisations have also set up a Social Value Learning Community to:

- Encompass a wide learning agenda that covers the different nuances of social value for each of the sectors represented at the Anchor network, but focused on deepening the understanding of concepts and practices.
- Provide a collaborative and safe space to share sensitive and complex data. - Provide peer to peer learning, sharing lessons learned, progress, challenges and barriers about embedding.
- SV - Identify the differences and commonalities of SV practices, both across organisations and through Procurement specifically.
- Give support on the definition of social value for Anchor institutions and EAN, establishing the baseline for members and the network.
- Work collaboratively with Economic Development Officers (EDOs) towards the identification of local projects to increase local spend and support local business and VCSEs sectors.
- Facilitate access to state-of-the-art expert knowledge and best practice with a view to inform policy making, plans, toolkits and models in key areas of action.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	NO	If Yes, indicate which by which criteria it is a Key Decision	<input type="checkbox"/> Significant effect on two or more wards <input type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	

The Public Services (Social Value) Act 2012

Section 1(3) "The authority must consider—

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

Section 1(6) “The authority must consider under subsection (3)(b) only matters that are relevant to what is proposed to be procured and, in doing so, must consider the extent to which it is proportionate in all the circumstances to take those matters into account.”

Local Government Act 1988, Section 17(1) prohibits consideration of a wide range of “non-commercial matters” in procurement. Section 17(11) – *“This section does not prevent a public authority...from exercising any function... with reference to a non-commercial matter to the extent that the authority considers it necessary or expedient to do so to enable or facilitate compliance with a duty imposed on it by section 1 of the Public Services (Social Value) Act 2012”*

PUBLIC CONTRACT REGULATIONS 2015:

Regulation 67 Contract award criteria

- (1) Contracting authorities shall base the award of public contracts on the most economically advantageous tender assessed from the point of view of the contracting authority.*
- (2) That tender shall be identified on the basis of the price or cost, using a cost-effectiveness approach, such as life-cycle costing in accordance with regulation 68, and may include the best price-quality ratio, which shall be assessed on the basis of criteria, such as qualitative, environmental and/or social aspects, linked to the subject-matter of the public contract in question.*

Regulation 70 Conditions for performance of contract

- (1) Contracting authorities may lay down special conditions relating to the performance of a contract, provided that they are—
 - (a) linked to the subject-matter of the contract within the meaning of regulation 67(5), and*
 - (b) indicated in the call for competition or in the procurement documents.**
- (2) Those conditions may include economic, innovation-related, environmental, social or employment-related considerations.*

Requirement for award criteria and contract conditions to link to the subject-matter of the contract is a notable constraint on authorities’ ability to use procurement to drive social value objectives

Regulation 65(5) Award criteria shall be considered to be linked to the subject-matter of the contract where they relate to the works/ supplies/services to be provided in any respect and at any stage of their life cycle, including factors involved in—

- (a) the specific process of production, provision or trading of those works, supplies or services, or*
- (b) a specific process for another stage of their life cycle, even where those factors do not form part of their material substance.*

PROCUREMENT ACT 2023

Section 13(9): Statutory Duty - A contracting authority must have regard to the National Procurement Policy Statement. However, this is not new and the Procurement Policy Note

(PPN) 05/21 introduced the National Procurement Policy Statement.

Scope: The PPN stated (it was withdrawn on 12th September 2024) that contracting authorities should have regard to the national priorities set out in the NPPS in ‘exercising their functions relating to procurement’. This has the same meaning as in section 39(2) of the Small Business, Enterprise and Employment Act 2015 and includes the exercise of functions not only in preparation for entering into contracts but also in the management of contracts after they have been entered into.

The Government’s Commercial Function confirmed on 26 September 2024 that the National Procurement Policy Statement laid in Parliament on 13 May 2024 has been withdrawn and that the implementation of the Procurement Act 2023 will be delayed for four months from 28 October 2024 until 24 February 2025.

In a statement released by the Minister, Georgia Gould MP, it was announced that *“the delay is being introduced to allow the UK Government to update the National Procurement Policy Statement (“NPPS”) with a new NPPS which “drives delivery of the Government’s missions”.* The current NPPS was described as *not meeting the “challenge of applying the full potential of public procurement to deliver value for money, economic growth, and social value”.*

On 29 October 2024 the Cabinet Office updated its Guidance on the National Procurement Policy Statement ([Guidance: National Procurement Policy Statement \(HTML\) - GOV.UK](#)), which refers to the NPPS, its legal framework and its key points and policy intent, relevant extracts are as follows:

6. The NPPS places a statutory obligation on contracting authorities to have regard to its policy priorities and determine how procurements can contribute to the delivery of these wider policy objectives. This means that a contracting authority must consider whether the procurement can contribute to achieving one or more of the policy objectives stated in the NPPS in a manner that is appropriate, proportionate and relevant; and take steps to address this where possible. This could include, for example, changes to the way the procurement is structured or the process is carried out, the specification of the goods, services or works to be purchased, or the award criteria which will determine the most advantageous tender.
7. While contracting authorities have a duty to consider whether and how to address the policies, there is no absolute obligation to do so. There may be cases where the priorities are irrelevant to a specific procurement or it would be disproportionate to introduce measures to address them. This decision not to address one or more of the policies will be procurement-specific as will the means by which any policies to be considered are incorporated into a procurement.
8. As the Act places a statutory duty on contracting authorities to have regard to the NPPS, contracting authorities should document their thinking on which NPPS policies an individual procurement can contribute to and how this will be addressed, as well as note why any disregarded policies are irrelevant or inappropriate or would be disproportionate to consider.

9. The policy objectives established in the NPPS are separate from the procurement objectives at section 12 of the Act. Those objectives go to the heart of the purpose of public procurement regulation rather than linking to wider governmental policies to which public procurement can contribute.

The current Guidance does not update the NPPS and still makes reference to the Social Value Model Guide produced in 2010 demonstrating the importance of maintaining Social Value as a high priority without a NPPS in place. It should be noted that the 2010 Guide makes reference to Social Value in Frameworks and these should be used, at paragraph 3.27 it states: *“Buyers (i.e. the users of the framework) may have their own social value priorities which they will make clear to the suppliers involved in that competition. To test the tenderers’ social value during the call-off stage, buyers must adhere to the standard evaluation procedure, including the award criteria and sub-criteria, described in the framework agreement terms, conditions and instructions.”* This may be updated in the future NPPS.

Following the Autumn Budget Statement, HM Treasury confirmed in its Policy Paper on 30 October 2024 its commitment - *“To continue to drive value for money, the Government will also use the new Procurement Act to create a simpler and more transparent regime for public sector procurement that will deliver better value for money and reduce costs for business and the public sector. The Government will implement the Act in February 2025 with further reforms including a new National Procurement Policy Statement.”*

PART 5 CONSTITUTION - PROCUREMENT PROCEDURE RULES

The Council's Procurement Procedure Rules state the following:

Before undertaking any procurement, Departments should satisfy themselves that:

- The works, goods or services are required and a need can be demonstrated
- There are no reasonable alternatives e.g. sharing or utilising spare capacity/inventories elsewhere within the Council
- **Where relevant, they have considered the requirements of the Public Services (Social Value) Act 2012 and have recorded/evidenced the outcomes against the associated requirements:-**
 - **how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area**
 - **how, in conducting the process of procurement, it might act with a view to securing that improvement**

The Local Government Association developed a toolkit in 2022, to support councils to set objectives in relation to their maturity levels in each of the key areas of the National Procurement Strategy for Local Government in England, and to assess their progress against those objectives.

The national TOMs framework themes:

- **Jobs**
- **Growth**
- **Social**

- **Environment**
- **Innovation**

<https://socialvalueportal.com/solutions/national-toms/>

The Self-Assessment document has a section on achieving community benefits through social value, the adoption of this Policy will move the Council from 'developing' to 'minimum' whilst it is being embedded.

X The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:

The Monitoring Officer is the author of this report.

FINANCE AND OTHER RESOURCE IMPLICATIONS

Paragraph 2.3 of the Council's Procurement Procedure Rules as set out in Part 5 of the Council's Constitution requires alternative delivery options for whole or part of services to be achieved in accordance with the Council's Procurement Strategy. The Strategy expressly refers to 'Our Partners in Procurement' and that the Council will seek to work with a number of partners to maximise any procurement opportunities and provide best practice. This includes other public bodies and shared services. As a result of the in-house procurement service team currently having 100% vacancies, there were no employment issues to address and the Public Contract Regulations 2015 permit public sector shared service and collaboration arrangements within certain criteria, which are observed in any Service Level Agreement arrangement.

Subsequently, Cabinet agreed in September 2021 that:

(2) That, in respect of the Council's Financial Performance for 2021/22, Cabinet:

(c) agrees an exemption to the Council's procurement rules in order to enable a Service Level Agreement to be entered into with Essex County Council to enable the Council to 'buy in' various procurement services from them to support its day-to-day operational activities and the delivery of one-off projects, as necessary; and

(d) authorises the Assistant Director (Finance and IT) and the Deputy Chief Executive to agree the terms of the Service Level Agreement, in consultation with the Portfolio Holder for Corporate Finance and Governance.

Following consultation with the Portfolio Holder for Corporate Finance and Governance, and an Officer Decision published on 24 August 2022, a Partnership Agreement was completed in August 2022. The services however commenced in October 2021 and will continue until October 2023 for an annual payment of £60,000. The agreement can be renewed annually for up to 5 years.

In March 23 (Minute No. 137 refers) Cabinet noted the progress of the existing partnership arrangement with Essex County Council for the delivery of procurement functions under the Service Level Agreement and agreed that Tendring District Council form part of a wider partnership of Councils to explore the Shared Procurement Service for parts of Essex. The Portfolio Holder responsible for procurement was authorised to represent this Council at the

Member Advisory Group. Subsequently the Director for Governance was appointed the appropriate Officer to serve on the Strategic Officer Group.

A further contribution of £45,000 from existing vacancies (at that time) were allocated to the shared procurement project for the development of activities as set out in the Portfolio Holder's report to Cabinet. Introduction to the joint approach to Social Value for procurement purposes, was identified and welcomed, with a further report to be presented at a Cabinet meeting later in 2023.

The Portfolio Holder for Assets agreed to extend the existing Service Level Agreement with Essex County Council on a six monthly basis to allow the Collaboration Agreement for Essex Procurement Partnership to be completed. The work undertaken to date on the production of the draft Social Value Policy has been undertaken with the Council's officers and those within Essex Procurement who have been supporting this work through the SLA arrangement and collaborative working within the Essex Partnership. As at the date of publication the Partnership Agreement is almost ready for its final review by the partners' legal teams, in which the Council's Monitoring Officer has been involved.

Due to the fact the current procurement service arrangements and functions support delivery of Housing Revenue Account (HRA) activities, further resources were allocated in October 2023 from the HRA to the procurement function through the Leader's decision to increase capacity. This capacity has enabled the General Fund procurement resource to dedicate some time to progress against the identified the Prioritised Objectives, in particular the development of a dedicated Social Value Policy for Procurement Purposes. Development of strategic documentation will be applied to both GF and HRA activity for the Council.

In July 2024, Cabinet (Minute No. 32 refers) received a report on resources to increase Project Delivery and progress on the Levelling Up Partnership, Levelling Up Fund, Capital Regeneration Projects and anticipated Levelling Up Partnership programmes. Those are outside the current resource allocation for the Essex Procurement Service Level Agreement with the Council. Resources being allocated to deliver the schemes so far have been within the SLA funding and therefore this has had a significant impact on Council business as usual procurements. The Project Delivery Unit includes funding for additional procurement resource within Essex Procurement Service to support the implementation of these programmes. This additional funding will provide the opportunities for the Essex Procurement Service to engage with Council services to maximise social value for the District through the increased procurement activity.

X	The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:
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The Section 151 Officer has no additional comments to make to those already contained within the report.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	Covered within the body of the report
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B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	Covered within the body of the report
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	Covered within the body of the report

MILESTONES AND DELIVERY

Adoption of the Social Value Policy November 2024

Raise awareness of the Policy internally with Officers – Late November 2024

Initiate training of Council staff on the new approach and embed the changes to the procurement documentation to reflect this new approach in early 2025 however, Essex Procurement Partnership will provide support on all relevant procurements from adoption of the Policy.

Monitoring and reporting progress

Essex Procurement Partnership will monitor the social value that is delivered against the commitments made in collaboration with its contracted suppliers on a regular basis. As a minimum, the financial value of social value that is committed and delivered will be reported to Cabinet on an annual basis.

ASSOCIATED RISKS AND MITIGATION

Whilst a policy is not required, there is a legal requirement to evaluate social value in some way. To not have a policy risks an unstructured approach to this which is more susceptible to challenge.

Commissioning services will require initial support from Essex Procurement Service to use the Policy once adopted and must adhere with its requirements, to prevent non-compliance with Council policy and challenges to their processes.

This TOMS based approach provides a robust method for evaluation of social value as part of the procurement process, with many suppliers already familiar with the approach reducing their bid time and the risk of challenge from bidders on this element of the bid process. Reporting too will be better enabled with a clear social value which can be communicated by the Council. The Council will also be able to benchmark the delivery of social value within its area against other users of the TOMs methodology.

EQUALITY IMPLICATIONS

Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when the Council makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation. The Act states that ‘marriage and civil partnership’ is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

The Equality Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

SOCIAL VALUE CONSIDERATIONS

The purpose of the report is to adopt a Social Value Policy through procurement activity.

IMPLICATIONS FOR THE COUNCIL’S AIM TO BE NET ZERO BY 2030

Procurement is an important tool in tackling climate change. As part of the development of the procurement strategy and policies and procedures consideration will be given to how to incorporate environmental considerations into the procurement process.

The Priority 4 (Theme) relates to “A high-quality environment” with the Outcome being *“Suppliers contribute to the delivery of net zero targets; reduced greenhouse gases; reduced waste; and strengthened climate resilience”*. Under the Outcome, seven different Measures are described and included within relevant and proportionate specifications for tender submission to respond to, as being possible to deliver Social Value through the contracts:

- Saving car miles on the contract through green transport programmes such as cycle to work and car-pooling programmes or public transport (EPP23a)
- Reduce CO2e emissions on contract e.g. reduce carbon intensity of processes and operations (EPP21)
- Reduce use of plastics (EPP26a)
- Activities to influence own staff, suppliers, customers & communities to support environmental protection and improvement (EPP45)
- Divert hard to recycle waste from landfill or incineration through specific recycling partnerships (EPP47)
- Reduce waste by reuse of products & materials) (EPP49)
- Support your suppliers to demonstrate climate change and carbon reduction training for all staff (EPP50)

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder

The Council is under a duty to consider crime and disorder implications in the exercise of its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent:

- (a) crime and disorder in its area

	<p>(including anti-social and other behaviour adversely affecting the local environment);</p> <p>(b) the misuse of drugs, alcohol and other substances in its area;</p> <p>(c) re-offending in its area; and</p> <p>(d) serious violence in its area.</p> <p>By adopting the Social Value Policy contractors will be required to consider how they add non-financial benefits through the delivery against the relevant measures, for example:</p> <ul style="list-style-type: none"> • creating job opportunities for local residents, those not in education, employment or training, for care leavers or for people with disabilities • providing support, advice or mentoring opportunities to the long term unemployed, schools or school leavers; • offering a range of apprenticeship, training and skills development opportunities as well as employment opportunities <p>Therefore, providing more opportunities across the District will hopefully have a positive impact towards the prevention of crime and disorder.</p>
<p>Health Inequalities</p>	<p>Creating social value has clear connections with efforts to reduce health inequalities through action on the social determinants of health – for example, by improving employment and housing. Defining social value with reference to the social determinants of health can help to reduce local inequalities, improve the health and wellbeing of local people and in the longer term reduce the demand on health services and other services.</p>

Area or Ward affected	All wards
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PART 3 – SUPPORTING INFORMATION

BACKGROUND

Although the Council is required to give consideration to Social Value in its procurement cycle, more could be achieved with earlier scoping through specification and evaluation criteria. As with other Essex Councils, it is now best practice to adopt a dedicated Social Value Policy, to set out how the Council wishes to achieve the social, economic and environmental strands through its commissioning.

By considering social value in the early stages of a commissioning and procurement projects and by engaging the market before a tender is issued, public authorities can ensure that bidders are prepared and that social value requirements are proportionate to the size and duration of the contract. Moreover, we can encourage vendors' understanding and consideration of social value in areas that matter most to our residents and make a commercial contribution to the organisation's objectives. In this way we can maximise the benefits for Essex residents, delivering on specific corporate objectives including climate, jobs and skills development.

EPP's approach to social value supports the delivery of these priorities, which have been aligned to Tendring District Council's Corporate Plan and other Council's priorities. These are:

- A strong, inclusive and sustainable economy
- A good place for children and families to grow
- Health, wellbeing and independence for all ages
- A high-quality environment

Like many Councils across the country, Tendring with EPP is seeking to adopt the Local Government Association's National Social Value Taskforce 'National Themes, Outcomes and Measures' method of classifying and scoring social value in our tender processes. This method is frequently referred to as the 'National TOMs'.

The National TOMs framework was designed around 5 principal issues, 20 core outcomes and 48 core measures:

- **Themes:** The overarching strategic themes that an organisation is looking to pursue.
- **Outcomes:** The objectives or goals that an organisation is looking to achieve that will contribute to the Theme.
- **Measures:** The measures that can be used to assess whether these Outcomes have been achieved. For the National TOMs framework, these are action based and represent activities that a supplier could complete to support a particular desired outcome.

We adapted them to focus on the delivery of Tendring and our partners' commercial objectives and priorities. This resulted in the 'EPP TOMs'. The master list of EPP TOMs is called the 'EPP TOMs Social Value Calculator'.

Tendering as part of the Essex Procurement Partnership intends to seek social value through all its procurements over **£100,000** where it is relevant, proportionate and non-discriminatory to do so.

The Social Value element of bids is scored in two parts:

1. the value score (the commercial value of the social value bid expressed in monetary terms using the EPP TOMs Social Value Calculator); and
2. the Supporting Statement score (which contributes to the evaluation of the commercial value to the relevant EPP partner by assessing the robustness of the delivery plan to achieve the Social Value bid by the supplier).

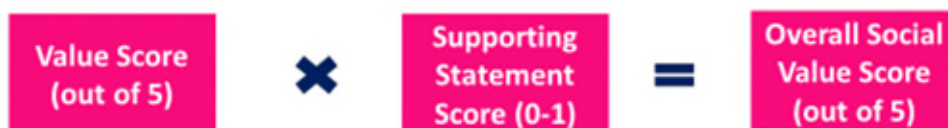
How it works...



The Social Value element of bids is given a weighting and scored in two parts:

- **The Value score** (the commercial value of the social value bid expressed in monetary terms using the EPP TOMs Social Value Calculator) and
- **Supporting Statement score** (which contributes to the evaluation of the commercial value to the relevant EPP partner by assessing the robustness of the delivery plan to achieve the Social Value bid by the supplier).

When combined they result in one overall Social Value score:



The EPP TOMs Social Value Calculator comprises:

- A set of social value 'Themes and Outcomes':
 - This is a list of the different categories of social value that contribute to our partners' commercial objectives. Please see Annex A below for a list of the Themes and Outcomes.
- A set of Units of Measure for each of the Outcomes:
 - These Units of Measure are used to compare bids on a like for like basis. They are set out as a description of the specific type of social value (the Measure) and a metric (the Unit). Social value will normally only count if it takes place in the relevant partner's administrative borough or district. If we are prepared to consider benefit arising elsewhere then this will be made clear in the tender documents.
 - They also enable us to collate the total benefits delivered by vendors to our communities – and sometimes more widely - and provide a consistent method of

performance management reporting.

- With the exception of measures that represent additional social value, we will not take account of benefit under more than one heading, to avoid benefits being double counted.
- We will not allow a benefit to be counted at all unless we believe it is deliverable and measurable – such benefits will be assigned a zero score
- A set of Financial Proxies:
 - Each Unit of Measure is assigned a financial value based on our estimate of the commercial value of that unit. This represents the estimated value of social value in terms of things that we would like to deliver.
 - These all contribute to the continuous improvement of our services and thus help us to deliver our duty under section 3 of the Local Government Act 1999. This enables us to calculate the total economic value of contributions that bidders offer.

The EPP Themes and Outcomes are set out in Annex A to the Policy, along with examples of the Measures.

DELIVERY:

If adopted the Policy will be delivered as follows:

- (i) Via the learning materials which explains to bidders how they include Social value as part of bids.
- (ii) We will educate our procurement and commissioning officers on social value and on the EPP TOMs.
- (iii) All procurements over £100,000 will normally be required to include social value as a part of the scoring and evaluation process where it is relevant and proportionate to do so. To comply with the Public Contracts Regulations 2015, any evaluation criterion must be relevant and proportionate to the subject matter of the contract and non-discriminatory. If EPP considers that it is not relevant and proportionate to include social value, a formal exemption will be requested using the Social Value Assessment Form.
- (iv) The weighting for social value will be form part of the quality evaluation in tenders and is flexible, up to a maximum of 20% of the total scores available in a tender. This to be split 50% to value score and 50% to supporting statement.
- (v) The Social Value element of tenders is scored as set out above (using the Value Score and the Supporting Statement). Once a contract is awarded, EPP will record the social value committed by successful bidders. The responsibility for monitoring and ensuring the committed social value benefits are delivered will fall to Essex Procurement officers.

Social Value statistics



The table shows the Social Value statistics that EPP should capture and report on as a minimum along with some aspirational targets as our methods and processes for capture and reporting develop and mature.

Minimum requirements	Aspirational requirements
Social value committed £	Social value committed per pound spent
Social value delivered £	Social value delivered per pound spent
Percentage of social value delivered against value committed	Delivered vs committed by EPP measure
Number of suppliers with commitments	Social value outcomes delivered
Number of suppliers that have delivered against commitments (whole or in part)	Number of contracts
Percentage of suppliers that have delivered against commitments (whole or in part)	Number of active contracts with social value commitments vs number of active contracts by service area
Delivered vs committed social value by Theme	Number of active suppliers
	Number of active suppliers with commitments

Definitions:

'Committed' – The amount of social value that was committed to be delivered during the life of the contract by a supplier during tender stage

'Delivered' – The amount of social value that has been delivered by a supplier

'Theme' – The strategic objective that the measure has been aligned to

Review

Essex Procurement Partnership will periodically review its Social Value Policy. In doing so, it will take account of any changes in legislation and changes to the partners' priorities.

Monitoring and reporting progress

Essex Procurement Partnership will monitor the social value that is delivered against the commitments made in collaboration with its contracted suppliers on a regular basis.

As a minimum, the financial value of social value that is committed and delivered will be reported to Cabinet on an annual basis.

PREVIOUS RELEVANT DECISIONS

Following consultation with the Portfolio Holder for Corporate Finance and Governance, and an Officer Decision published on 24 August 2022, a Partnership Agreement was completed in August 2022; the services however commenced in October 2021 and will continue until October 2023 for an annual payment of £60,000. The agreement can be renewed annually for up to 5 years.

Cabinet Decision March 2023 – Minute No. 137 ([Cabinet March 23 - Shared Procurement Update.pdf](#)) agreed the extension to the SLA with ECC for the procurement resources and welcomes the work identified for a joint approach to Social Value for procurement purposes, for a further report to be presented at a Cabinet meeting later in 2023.

On 3 November 2023, Councillor Kotz made an Executive Decision, as Portfolio Holder responsible for procurement endorsing the work identified for a joint TOMs approach to Social Value for procurement purposes, for further development against the Council's Corporate Plan, with a report being presented at a later Cabinet ([Decision - Shared Procurement Service - SERVICE LEVEL PARTNERSHIP AGREEMENT - PROVISION OF PROCUREMENT SERVICES BY ESSEX COUNTY COUNCIL & SOCIAL VALUE MEASUREMENT](#)).

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix A – Social Value Policy through procurement

REPORT CONTACT OFFICER(S)

Name	Lisa Hastings
Job Title	Director for Governance and Monitoring Officer
Email	lhastings@tendringdc.gov.uk