



THE
SOCIAL
VALUE
PORTAL

SOCIAL VALUE CASE STUDY



INTEGRATING SOCIAL VALUE INTO PROCUREMENT AT HARROW COUNCIL

WHAT ARE THE HEADLINES?

Social value integration

● Harrow Council engaged the Social Value Portal (SVP) to pilot a social value assessment tool on a tender for the renovation and refurbishment of a council property in Harrow. ● The SVP procurement platform was used to assess the social value of each bid based on a set of Themes, Outcomes and Measures (TOMs Matrix) developed by Harrow Council. ● Each bidder successfully completed the assessment with offers varying from +3 to +57% (£51,000 to £780,000) social value-add (SVA). Each bidder successfully completed the assessment with offers varying from +2% to +19% social value add (SVA)

Key findings include:

- A 100% submission rate using the SVP procurement platform from the bidders was achieved. This means that social value requirements can be integrated into normal procurement processes at almost no extra cost.
- Financial weightings are important in signalling priorities to suppliers.
- A social value scoring system to measure and compare bids can be easily developed.
- Social value can be delivered without adding to the core project delivery costs.
- Due to the pilot's success, Harrow Council will further engage with SVP to consider how its use may be extended across all of their contracts above £100,000.

The findings and lesson learned from the pilot are being used to develop a similar approach for Brent Council.

“With the localisation of business rates being implemented over the coming years the importance of the local economy to Councils will greatly increase, therefore providing a greater focus to local businesses through social value is essential”

Terry Brewer, Divisional Director of Procurement, Harrow and Brent Council

WHAT IS THE CASE STUDY CONTEXT?

Smarter spending

Social value is central to the purpose of local government but as the funding and demand environment changes, local authorities must look for ways to make their public pound go further. Councils such as Harrow are considering how they can spend more *smartly* and develop deeper relationships with their suppliers. That way, they can reward the businesses and third sector providers who are prepared to do more for the communities they serve.

Harlow Council's definition of social value

Simply the sum of the economic, environmental and social benefit which can be secured through the way we procure goods, services and works. In short, social value is the community and environmental benefits that can be delivered through our operations.

Despite clear aims, procurement teams face three key challenges: 1) They need to communicate their specific community needs to suppliers, 2) describe how their social value offer will be compared with other bidders, and 3) define their method of social value measurement. If the process is not clear, the opportunities for achieving successful submissions from bidders is reduced.

We wanted to see if the SVP could better integrate social value throughout Harrow Council's procurement processes, discover the costs and benefits of doing so, and then apply the working knowledge gleaned from the experience to Brent Council.

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The project

We chose a renovation project in Harrow to conduct the pilot study. The aim was to install external wall insulation, refurbish the inside and install electrical services in a council property.

Three key steps towards integrating social value into the procurement process

Step 1: Council Social Value Policy

Harrow Council's social value policy (approved January 2016) strengthens the ability to achieve social value benefits from procurement and commercial activity. This embeds a consistent approach, and maximises the opportunities to secure added value for Harrow. The Social Value Policy is intended to fully support all the Council's priorities providing a 'golden thread' setting out the needs of the Council from the borough Plan to individual procurements.

Step 2: Measurement Matrix

Working with SVP, Harrow Council developed a set of Themes, Outcomes and Measures (TOMs) against which individual tenders could be assessed while remaining in keeping with their Plan. One of the requirements under the Social Value Act is that measures should be *proportional* and *relevant* to the contract. To maintain this, councils often select a measure which is relevant to a specific contract and keep the requests of suppliers proportional to the size of the contract.

The procurement team were concerned that this approach might add cost and complexity to the process. Instead, their procurement team sought Cabinet approval for not only the Social Value Policy, but to embed social value documentation into all procurements. Receiving this approval meant that commissioners and procurers would not have to think about how they will implement social value for individual projects.

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The approval allowed:

- A single but reduced set of TOMs to be used for all projects.
- The TOMs are promoted as a list of opportunities that a supplier may choose to pursue (or not). In this manner, suppliers are able to set their own level of proportionality and providers do not have to deliver a specific social value add.

An example of a set of social value opportunities is given in Table 1.

Table 1 Summary of TOMs matrix for Harrow

Theme	Proposed Outcome
Making a difference for families	Outcome: People have the skills and training for work
Making a difference for communities	Outcome: Jobs created or sustained
	Outcome: Collaborative working with the voluntary and community sector
	Outcome: People from all backgrounds are respected and treated fairly
Making a difference for the most vulnerable	Outcome: People are supported through skills and employment opportunities
Making a difference for businesses	Outcome: Thriving local businesses
	Outcome: An effective and resilient third sector
	Outcome: Businesses are more responsible
	Outcome: Ethical sourcing practices
Promoting greater environmental sustainability	Outcome: People live environmentally sustainable lives and Business operates sustainably
	Outcome: People live in, work and visit our vibrant and creative town centres
Business Innovation	Outcome: Other innovative business measures taken to add social value

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Step 3: Tender Evaluation

Each bidder was asked to propose how they would add social value to their core contract. The Invitation To Tender (ITT) document made it clear that Harrow council would not pay extra for social value but instead it would be scored.

Social Value (SV) was given a total score of 10% being split 7% SV Score (using the Social Value Portal) and 3% on supporting method statements. Other scores were Quality 40% and Cost 50%.

HOW DID THE CASE STUDY GENERATE SOCIAL VALUE?

Social value opportunities

Figure 1 shows that there were nine financial submissions plus each bidder produced a social value submission through SVP. Bidders were asked to choose how they would make a contribution against a set of potential opportunities. Figure 1 reveals that the social value submissions ranged from +4% to +57% of Social Value Add (SVA).

Other key observations were as follows:

- The lowest contract price includes over 41% SVA and the highest only 3.5% SVA suggesting that there is no correlation between the contract price and the SV offer
- Highest SV proposal (£781,000) ranks 5th in contract price
- The average SVA offer is 25%

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Offers by bidders included

- Employment of 20 people from within Harrow area
- 11 weeks for meaningful work experience offered to young people
- Up to 50% of contract value to be spent on local supply chain providers
- Four new apprentices created or sustained as a result of the project
- Up to 1000hrs of voluntary time offered for local community groups
- 200 hours offered to clean and maintain local green infrastructure

At point of writing the tender has not been awarded but Harrow have been clear that the award will be impacted by the SV score.

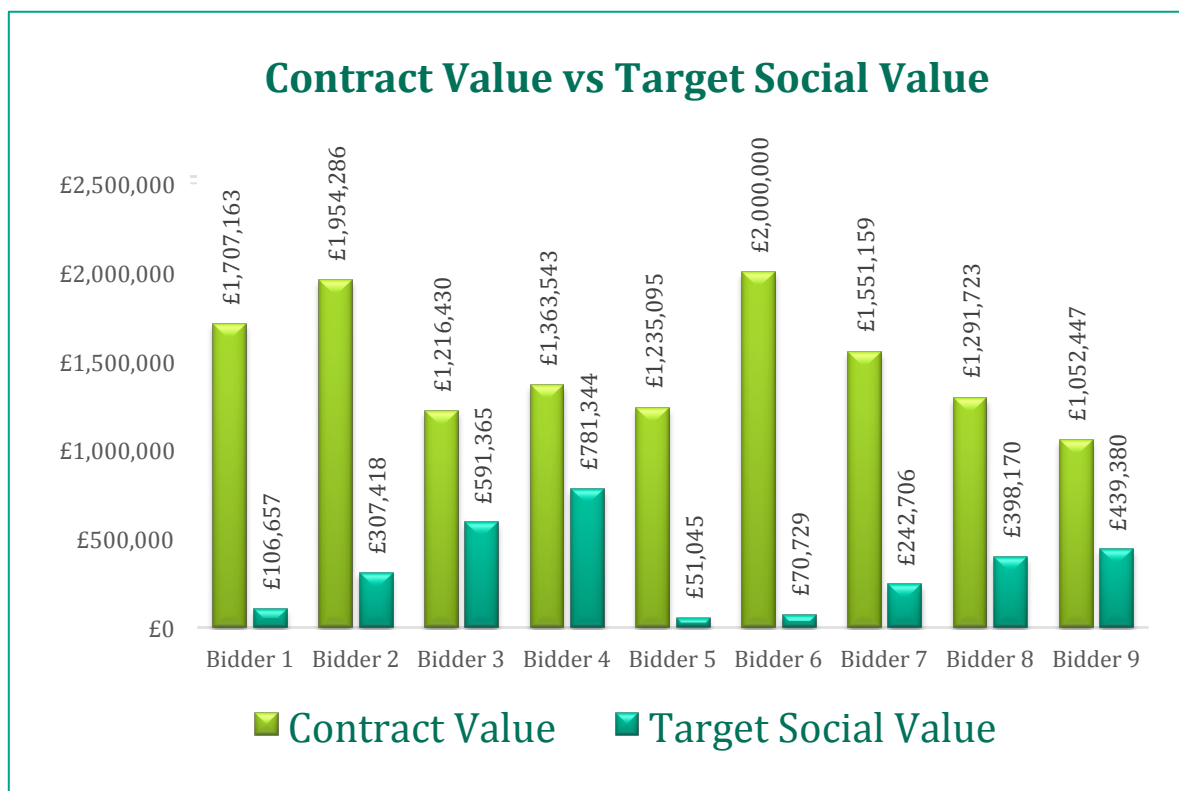


Figure 1 Summary of Bidder Social Value Submissions for Cowan Avenue, Harrow Council

Social value at Brent Council

The Head of Procurement at Harrow is also the Lead Procurement officer at Brent Council and given this opportunity, the team wanted to explore how applicable it would be to transfer information across councils and how different approaches would influence outcomes.

Social value policy

A SV policy was developed by Harrow in late 2015 which was approved at committee in January 2016. Brent were behind Harrow in the process and decided to adopt the principles laid out in the harrow policy although the councillors specifically wanted more engagement in the development of the toms and to tailor these to local priorities which was achieved through a series of workshops.

Measurement (TOMs) Matrix

Both Brent Council is presently developing its TOMs Matrix around its 2020 Vision based on five themes:

- Employment and skills
- Regeneration
- Business and housing related growth
- Demand management
- Raising income through our assets

INSIGHT

While the 2020 *themes* for Brent Council's priorities differ from Harrow Council's, the *outcomes* and *measures* remain largely the same. This can be repeated across all local authorities as their overall responsibilities are similar.

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Oversight of social value

Both organisations have ongoing sign off and oversight of the process although the processes vary:

➤ **Harrow Council**

- Monthly procurement gateway reports to monitor progress that include:
 - Individual project reviews
 - Progress against targets
 - Review of TOMs

➤ **Brent Council**

- Monthly procurement gateway reports as noted above
- An independent social advisory board that will have oversight on the following:
 - Metrics and measures
 - Community needs and priorities
 - Value and weightings to be used

WHO ARE THE CASE STUDY PARTNERS?

Guy Battle is the CEO of The Social Value Portal.

Terry Brewer is the Divisional Director Commercial, Contracts and Procurement for the London Borough of Harrow.

WHAT HAS BEEN THE IMPACT?

Added social benefits to make a big difference

Key to delivering social value lies in the council's ability to encourage suppliers to deliver *added social benefits* at no additional cost while fulfilling their main contract. Incorporating social value into commissioning and procurement process is not difficult. It can make *a big difference* to the people living in the community, the quality of services being delivered, and in achieving more for public money.

Key impacts that are expected to arise from embedding social value into procurement processes at Harrow include:

- Encouraging a diverse base of suppliers
- Meeting targeted recruitment and training needs
- Ethical sourcing practices
- Improving council economic sustainability
- Promoting fair employment practices
- Community benefits
- Promoting greater environmental sustainability

WHAT HAVE BEEN THE KEY AREAS OF SUCCESS?

Incorporating social value into processes is not difficult

- ✓ Harrow Council are now better able to encourage suppliers to deliver added social benefits at no additional cost while they fulfil their main contract. The pilot is evidence that this is possible.
- ✓ Harrow Council's Commercial, Contracts and Procurement team worked in collaboration with the Economic Development team to take the initiative forward and the Social Value Policy was approved by Members which secured the support of the key policy drivers in the organisation.
- ✓ Harrow Council now includes social value in its procurement process and seeks additional social value benefits in all procurement spend over £100,000.
- ✓ There is a new, dedicated Social Value Officer who manages the implementation of social value.

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- ✓ Procurement officials now receive SV training to help them to better understand the opportunities and requirements of the adopted approach.
- ✓ Harrow Council have now developed approved Contract Monitoring Procedures to ensure that the SV offer is delivered as agreed. Separate arrangements have also been made for the collation of SV delivery across Service Departments and a decision is underway regarding appointing The Social Value Portal to manage their contracts on an ongoing basis.

WHAT HAS BEEN LEARNT?

Delivering social value through procurement

Support suppliers to deliver

Like various other councils Harrow Council has downward pressure on their resources and as a result they recognise the need to make the integration of social value into their processes as cost effective as possible.

A number of key steps have been taken to reduce officer time:

- | | |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ➤ Minimum spend threshold | A £100,000 threshold below which SV is only considered in broad terms and is not scored. |
| ➤ Pre-approved measures | A single set of social value measures (TOMs) to be used by officers in ALL contracts over £100,000 as part of our SVP. Now officers don't have to decide which TOMs are relevant every time. |
| ➤ Tender Preparation | A standard set of clauses that will go into all projects over the threshold. |
| ➤ Point of contact | A single officer who takes care of the TOMs and can ask questions to suppliers. |
| ➤ Submissions | The SVP was used to manage the measurement of the SV submissions and help us understand them. It made it quicker to complete the bid. |
| ➤ Adopt Social Value Portal for Bid assessment | Approximately half day is required to assess and score the SV submissions minimised through using the Social Value Portal |

DELIVERING SOCIAL VALUE THROUGH PROCUREMENT

“This project shows that it should be possible to achieve an additional +20% SVA across all of our contracts which could amount to as much as £40m per year additional value being delivered for our residents”

Terry Brewer, Divisional Director of Procurement, Harrow and Brent Council

Evaluation

All bidders successfully submitted their bids using the SV Portal with few problems. The scoring system used worked well in bid evaluation and has delivered what was required.

Core Project Costs

The submissions made by the bidders demonstrated that they did not add additional costs to their bids to boost their social value scores. This was a clear condition within the ITT although moving forward this may suggest the possible need for an upper limit of the SV weighting to ensure that sophisticated bidders do not ‘game’ the process.

- Make it clear that the Council is not looking to pay any additional costs for Social Value-Add (SVA)
- Set the scoring high enough to ensure that SVA was high enough to be an incentive, but not so high that a supplier would add costs to their bid.
- Make sure the service you are tendering for won't be negatively impacted by having too high a weighting for social value.

We make the following recommendations:

- That social value should be integrated into all procurement
- That there is a need for a Best Practice Framework to guide local authorities
- That there is the need to share best practice

We suggest the following further steps:

- Make it clear that the Council is not looking to pay any additional costs for Social Value-Add (SVA)
- Set the scoring at the right level to ensure that SVA is high enough to be an incentive, but not so high that a supplier adds costs to their bid.
- Make sure the service you are tendering for does not have too high a weighting for social value to reduce the room for a negative impact.

DELIVERING SOCIAL VALUE THROUGH PROCUREMENT

WHO CAN I CONTACT?

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FURTHER INFORMATION OR LINKS

The Social Value Task Force Resource page. The Social Value Task Force comprises an engaged group of local authorities and businesses who have developed a guidance that supports the implementation of the Social Value Act and for those organisations wishing to learn more.

Resources including a forum for questions can be found at <http://socialvalueportal.com/social-value-taskforce/>

[Harrow Social Value Policy](#)

www.socialvalueportal.com

