

# Inspiring and Creating Social Value in Croydon

A Social Value Toolkit for Commissioners





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# Introduction

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## What is this toolkit for?

This toolkit is entitled 'Inspiring and Creating Social Value in Croydon' and this is exactly what we intend to do. It should be taken as the clearest possible indication that Croydon Council is committed to maximising the social value, or social benefit available from its commissioning and procurement activities.

In our Commissioning Strategy 2012-15 we set out the responsibility we share with all public services to constantly find more effective ways of making public money deliver better outcomes and to improve outcomes in the most efficient, effective, equitable and sustainable way. There has never been a more important time than in the current challenging economic and social climate to make sure we tie together the opportunities the Council, business and the third sectors have for working together to that end.

Commissioning is the process for deciding how to use the total resources available in order to meet that challenge. As Croydon Council moves towards becoming a 'commissioning-led' authority, commissioning is taking up its place as the prime means of delivering on the aspirations of the Council and the community.

The Stronger Communities Strategy (2011-15) sets out how we are continuing to build 'strong and active communities'. It states that there are 'opportunities to do even more to encourage an even stronger community to flourish' and recognises the impact that commissioning can have in achieving this aim.

Commissioning, and particularly the procurement process, has not traditionally been seen as an inherently creative cycle of activity. This toolkit challenges that perception, offering a way forward for commissioning and procurement as a tool to inspire new thinking, to harness co-creation and to deliver additional social value in all we do.

This toolkit has been created to support Croydon Council and potential providers of services, in any sector – including small to medium enterprises, social enterprises and voluntary sector organisations - to embed social value through procurement processes.

The toolkit provides guidance particularly to service commissioners, category managers, procurement officers and those advising them on legal issues on how we can derive social value from procurement activity. It sets out different options available to commissioners so they can establish what's right for them.

This document will provide you with advice on the process and best practice principles when trying to lever in greater social value. Due to the wide range of services provided by the Council there is no 'one size fits all' model and, as such, this document should be considered alongside advice from the Commissioning and Procurement, Legal, Communications and HR teams to ensure specific service or departmental needs are fully considered.

There is also a step-by-step Award Criteria methodology to follow through from pre-procurement stages to Contract Management.

The emphasis in this toolkit is on the practical. It aims to provide answers to the questions about where and when we can look for opportunities, at what points in the process, to questions about what wording to include and the legal and fairness questions that can arise and often work against doing anything different.

The way we do this is by showing how this has worked in practice through 10 case studies. Many of these involve third sector organisations, including social enterprises and all of them involve building a relationship between commissioner and potential provider and creating a connection with the customer.

## What is social value?

For the purpose of this toolkit we have used the definition of social value as created by The Sustainable Procurement Task Force and widely used in Scotland, Wales and England. They define it as, 'a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to society and the economy, whilst minimising damage to the environment'.

'Thinking social value' should shift the focus from the bottom-line price or cost of a service towards the overall value of the outcomes delivered. How a service is delivered is taken into account along with what is delivered. Third sector organisations, charities and social enterprises often have elements of a social value hard-wired in them, and, as the case studies show, this hard-wiring can give them a competitive advantage over private sector organisations when it comes to assessing the overall quality of the bid when it takes account of social value.

## What is social benefit?

Social benefit is the outcome of this process of achieving social value. It can mean so many different things to so many different people. As a local authority Croydon makes decisions on social benefit every single day. Decisions about commissioning a particular service, or funding a project in a particular area focusing on a particular need or requirement in the Council area can all create and deliver an additional social benefit.

These additional benefits can take almost any form, ranging from the very tangible, such as jobs for the long-term unemployed, or sub-contracting opportunities for small businesses, to softer, but equally important, benefits such as engagement with communities or groups of individuals who might otherwise feel entirely disengaged. Doing so also supports the Council's public sector equality and diversity duties. Defining social benefit is less important than securing it.

## What does it look like in practice?

You can use social benefits to bring long-term good to the Borough by:

- Creating skills and training opportunities (e.g. apprenticeships or on the job training);
- Creating employment opportunities for the long-term unemployed or NEETs (those not in education, employment or training);
- Offering work placements to school children and young adults;
- Providing career advice and information for young people on specific careers, such as construction, architecture or engineering;
- Offering curriculum support to schools, with contractors sharing knowledge and expertise about their discipline;
- Providing additional opportunities for individuals or groups facing greater social or economic barriers.
- Creating supply chain opportunities for SMEs and social enterprises;
- Creating opportunities to develop third sector organisations.
- Improving market diversity;
- Encouraging community engagement;

- Supporting initiatives like targeting hard to reach groups;
- Making facilities (such as school libraries, leisure facilities or computers) available to targeted groups that otherwise would struggle to access such facilities; and
- Encouraging ethical and fair trade purchasing

### Why do it, and when?

Because it's not hard...and because the outcomes are worth it! It's easy to dismiss social value procurement as being in the 'too difficult' category, but it can make a great difference to people, service delivery and the bottom line.

Requiring contractors to deliver social benefits while they deliver the main element of their contract means that Croydon benefits. We get more, both directly and indirectly, for our money.

Being successful at getting the best social value from commissioning and procurement is a way of working that needs to be adopted and learned. It is part of the skill-set and knowledge set that we identify as being part of the Croydon 'expert commissioner' competencies. The Cabinet Office refers these as 'ideal commissioner' competencies.

As you work through this toolkit you should identify one consistent message – in order to successfully secure social value and benefit through your commissioning and procurement processes, you need to think about it from the **outset** and embed a clear and unambiguous message about your intention to do so **every** time you communicate with the market.

There should be absolutely no doubt, internally or externally, that one of the core objectives of the commissioning or procurement exercise is to deliver the greatest social return from the investment possible.

### Why is Croydon Council doing this?

#### ► This is important to us

As we say in our Commissioning Strategy, effective commissioning is important because around £340m (or 34% of total budget) is spent externally each year commissioning and procuring goods and services from third parties. Around 5% of that amount is spent with the third sector. Getting commissioning right, therefore, is important in order to ensure that we continue to deliver the right services, to the people that need them most and deliver the greatest impact.

#### ► We need to get the best value from our purchasing

Croydon has always punched above its weight. As a leading edge organisation, the Council has already taken difficult decisions but has protected services through an ambitious programme of unprecedented change to ensure Croydon succeeds in a new economic climate. In the last 12 months, the Council has made £30 million in savings - two thirds of this has been achieved through efficiencies.

To meet the challenges ahead, the Council must transform as an organisation and pursue new, and potentially radical, solutions to make public money deliver even better outcomes. This toolkit is a key part of that strategy, and will ensure processes are formalised within the Council so that socially responsible and social value procurement takes place.

The Council aims to ensure a consistent approach to commissioning develops across the Borough. We will work with partners, including providers in all sectors and users of services, to ensure that 'expert commissioning' behaviours are adopted widely and modelled in order to secure better outcomes for the people of Croydon

► **Social Value policy and legislation**

The law has changed and there is now an additional duty on us to do this. We are incentivised to secure greater social value by recent legislative activity. The Public Services (Social Value) Act 2012 came into force earlier this year. Public authorities are now required to 'consider, prior to undertaking the procurement process, how any services procured (whether covered by the Public Contracts Regulations 2006 or otherwise) might improve economic, social and environmental well-being.'

The Council is making significant capital investment in infrastructure and regeneration in 2012/13: £73m is estimated to be spent on improving assets such as education buildings; £27m will be spent on improving places, including highways and £8m is to be spent on transforming our ICT and buildings.

**The Equality Act 2010** brings new statutory duties to Councils. In the exercise of its functions, the Local Authority must 'have due regard to the need to: advance equality of opportunity between people who share a protected characteristic and those who do not; eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act and foster good relations between people who share a protected characteristic and those who do not. The Council must, therefore, not seek to just assess the implications of all commissioning decisions in commissioning regarding the risk to groups of people but must look for opportunities, such as social value, to advance opportunities to those people.

► **We want to help Third Sector to thrive and to do more**

The Government's Open Public Services White Paper proposes reforms that will allow non-public providers to run schools and other public services. This includes the third sector and small to medium-sized enterprises (SMEs). The third sector can play a powerful role in transforming the service landscape bringing innovation, value for money and inherent social benefits.

Wellbeing Regeneration, Carmarthenshire, described on page 14, is one such example. What started as a response to a lack of affordable foot care has burgeoned into a thriving social enterprise, identifying and responding to a range of community health and social needs. In the case studies, Mid-Devon Community Recycling (MDCR) on page 45 also demonstrates the capacity of the third sector to innovate. MDCR approached the council to start a kerb recycling scheme with a group of volunteers to show that it could be done.

As MDCR grew they also demonstrated that it was possible to deliver the service in a way that created opportunities for the long-term unemployed and used sustainable transport.

The Social Value Act is non-prescriptive, and the extent to which is it taken into account will probably vary from council to council. It has been argued that the Act will be relatively easy to circumvent. Croydon Council wants to embrace social value and, therefore, will ensure social value is not another 'legislative hoop' for the Council to jump through.

The Council explicitly acknowledges the ‘value-driven’ nature of most third sector organisations, which often represents its ‘unique selling point’. This means they are motivated by the desire to achieve social goals (for example, improving public welfare, the environment or economic well-being) rather than the desire to distribute profit and will reinvest any surpluses generated in the pursuit of their goals. For this reason third sector organisations are sometimes called ‘not-for-profit organisations’, although in many cases third sector organisations need to make surpluses (or ‘profits’) to be financially sustainable.

Some of the key benefits of third sector organisations include:

- The social capital generated through the use of volunteering
- Local roots in the community and the community pride and personal self-worth that can be generated
- Access to wider social capital (e.g. community social networks)
- Other funding leverage (e.g. matched funding from community pots)
- The opportunity for community-led design and co-production practices

- The contribution to the local economy that putting funding into the voluntary and community sector can bring

Helping the third sector ‘thrive and do more’ means including the sector in all mainstream commissioning and ensuring third sector organisations all have a means of demonstrating the social value of the work those organisations do - how the social goods they produce offer measurable social value, which will strengthen their business case.

Section 3 of this toolkit makes explicit the commitment Croydon Council will make to integrating social value within the scoring system of award evaluation and under what circumstances a more open dialogue will be appropriate.

### ► **We have made a commitment to Corporate Social Responsibility**

We have already made a commitment to a Corporate Social Responsibility (CSR) programme. CSR represents a potential tool for us to facilitate investment in local communities through our major providers. The toolkit will enable us to include actions such as providing work experience for local unemployed people

when delivering services or building capacity in local third sector organisations.

This toolkit is supported by specific guidance published by Croydon’s Workforce and Community Relations directorate (Commissioning and Procurement Policy for Jobs and Skills)

### ► **We want to deliver sustainable outcomes and meet community needs**

The toolkit will help us further our sustainable procurement objectives, which means we can meet the needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis.

We want to meet the community needs and so we want to increase the chances of local people benefiting from regeneration programmes. The toolkit will help us to increase opportunities for apprenticeships and local labour.

We want to measure social impact – the actual effect of our activities on the local community and well-being of individuals and families. This will be measured, for example, in terms of changes in levels of employment, health, education, economic regeneration and so on.



## Think again

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Provide placements for university students

GM Procure has a target of 52 weeks employment for a new trainee for each £1m in contract labour cost on Decent Homes standard framework contracts, and is on target to achieve this in the second year of contract delivery equivalent to about 10% of the total labour requirement

Providing opportunities for NEETS young people NOT in employment Training Education

In Islington BSF Schools the Design and Build contractor is contracted to engage nearly 100 apprentices over the five year programme

At Kings cross Central, a twelve-year mixed commercial and residential development, the developer has accepted a Planning Agreement requirement that 7.5% of the total construction labour requirement will be delivered by new trainees recruited from a named source

Providing opportunities for target groups NEETS, BME groups, excluded groups, hard to reach groups, former gang members, return to work candidates, ex offenders

In Sheffield the Housing ALMO is on target, over 7 years, to deliver and expected total output of 1500 local jobs/training places

Provide guaranteed interviews for target groups e.g. long term unemployed, school pupils, returning to work adults

Provide opportunities for social enterprises to become part of the supply chain

Provide measurable improvements of upscaling in workforce

## Think again

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Provide work experience for target groups

In the early 1990's at Waltham Forest Housing Action Trust 20% of the person-weeks required to deliver new build social housing was being delivered by new trainees recruited from the Estate where the works were carried out

Provide opportunities to become part of the supply chain

On educational projects: provide input to curriculum development through support learning in key topic areas

Between May 2008 and June 2009 the Olympic Delivery Authority filled over 500 jobs by linking local brokerage with ODA Contractors. The brokerage gives local people 48 hour to access jobs before they are advertised more widely

A study of five construction projects in north east England that used contractual leverage identified an average of one new trainee per £750,000 on construction spend

In East London Rail Project nearly one third of the suppliers to the main JV contractor are local target areas

Uptake of apprenticeships

Achieve high scores on Considerate Contractor Scheme

Run workshops for target groups on key areas of skill sustainability, design etc

## 2. Think and rethink what you are commissioning

### The approach to commissioning

In the Commissioning Strategy we refer to the 'category wheel' (overleaf) to describe the stages involved in commissioning and category management.

An expert commissioner:

- Reviews the strengths and performance of current providers;
- Understands current needs, priorities and markets;
- Challenges existing, and reviews alternative service delivery models; and
- Focuses on outcomes

To deliver real social benefit an expert commissioner must think differently. That means interrogating 'what we have always done', 'what we are doing' and asking 'how could we do it better?' It may well be that the provider we have used in the past continues to be best placed to deliver again into the future but, together, we should challenge all existing assumptions against the Council's and the community's aspirations.

The White Paper on Open Public Services, launched in July 2011, supports our 'think local' objectives. The paper has five main objectives:



*Further detail on page 20.*

## The Category Cycle

The category wheel ensures that Croydon’s commissioners, category managers and procurement team work together to deliver the best service outcomes for Croydon residents within the resources available.

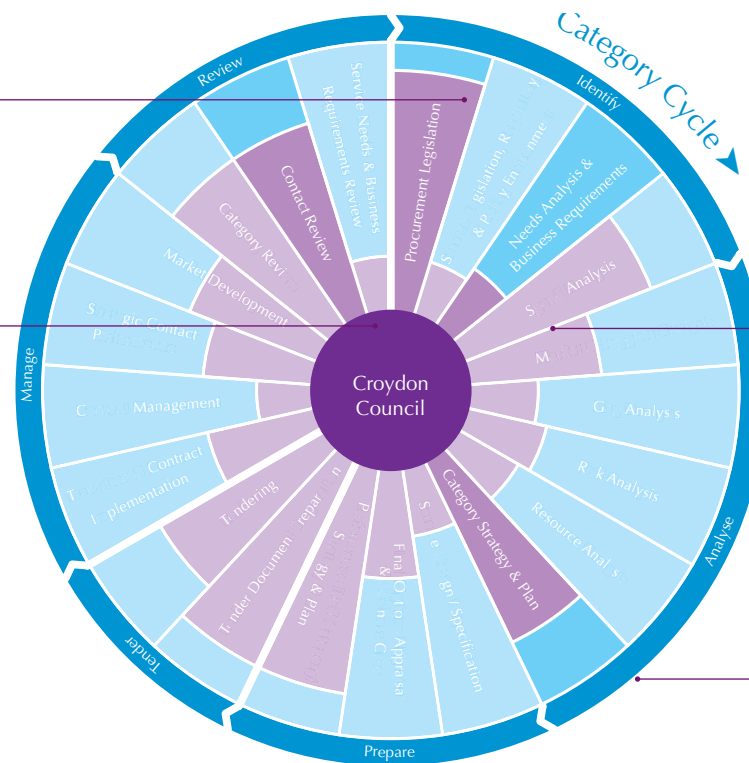
At each point of the category cycle there is a ‘challenge opportunity’ to ensure social value is considered and embedded.

**Procurement Legislation**  
Are you making the most of the powers you have and of the scope recent legislation gives you? Look at what Glasgow HA achieved (Page 55).

**Contract Review**  
Is this a chance to do things better by extracting social value or opening up access to contracts for SEs and SMEs? Wakefield District Council (Page 40), Liverpool Council (Page 38), Camden Council (Page 42), and Devon CC (Page 45) and partners used the contract review moment to think again.

**Needs analysis & business requirements**  
Have you fully scoped the needs? Raploch URC (Page 52) understood that it needed to secure social benefits to support the area’s regeneration. Islington BSF (Page 58) saw the regeneration opportunities in its school building programme.

**Category Strategy Plan**  
Are you seeing social benefits as part of a bigger picture? Cumbria CC (Page 49) saw the potential to include social benefits across all contracts.



## Working together on category management

In order to get the most social value from commissioning we must, therefore, think and rethink, identifying the 'challenge opportunities' in the Category Cycle which enable all involved to ask the fundamental questions and begin the process of, possibly, 're-imagining' a service.

The Category Wheel sets out the Category Cycle and the interface between the category manager and service commissioner at every point in the cycle. The 'challenge opportunity' comes at key points in the Category Cycle. The role of both is to challenge and support the service, and wherever possible, to include service users in that thinking.

The synergy between the category manager and the service commissioner as they interrogate the thinking behind identified needs and the services that may meet those needs may be the source of exciting new thinking and new approaches. An added value of a category management approach is that other category managers or members of the Procurement Team may encourage the category manager to think beyond their own category and re- envision services across a number of categories. Anything is possible.

### EXAMPLE: Rethinking Meals on Wheels

You are looking at re-tendering your meals on wheels service. You could put it out to tender with the usual range of contractors or, you could ask what are we really trying to achieve?

#### Why are we doing this?

... to provide good quality food for house-bound, frail or infirm people?

Or

... just to make sure people eat?

Or

... to reduce isolation and social contact?

Or

... to meet requirements / legislation?

Or

... we know the current contract runs out in ...

Or

... we don't know anymore

#### What else can we achieve for those stakeholders?

Benefit entitlement checks?

Basic community health care e.g. podiatry, dressing change, nutrition and hydration checks to avoid unnecessary hospital admissions?

Local transport?

Social networks e.g. fortnightly or monthly group meal?

#### What about other outcomes?

Work placements in catering

Training / qualifications in catering

Community and social care placements

Develop catering services for other sectors e.g. schools to cook meals on wheels; catering contract for a social enterprise cafe

## From Foot Care To Mobility

### Where feet can take you ... Wellbeing Regeneration, Carmarthenshire.

Wellbeing Regeneration is a Social Enterprise, set up as a result of a foot care pilot project, commissioned by a partnership between the NHS Podiatry Service, the local authority, the 50+ Partnership/ Strategy for Older People and the Carmarthenshire Local Health Board (now Hywel Dda Health Board). It existed initially as a response to the lack of affordable foot care for elderly people.

It has since developed a wide portfolio based on its understanding of the impact of reduced mobility and lack of exercise on individuals' physical, social and mental well-being. It has therefore developed:

- Appropriate shoe selling services, with associated revenue generation and includes fitting and advice
- Therapeutic services from massage and reflexology to physiotherapy and cognitive behavioural therapy
- 'Leisure' activities, like arts and crafts, luncheon groups and Tai Chi
- A sign-posting service, through satellite clinics, which help people access information on benefits and entitlements

There has also been pilot community delivery of phlebotomy services (blood collection and analysis) developed in partnership with the local hospital as a response to long queues at the Hospital. There are future plans, in partnership with a local health board, to provide low level interventions for hearing aids, battery exchange, replacing tubing and providing general advice and a 'triage' facility.

## Opportunities checklist

	Ask	Act
<b>Stop</b>	Why are we doing this?	Pause and frame the questions you know you need to ask. Look at this process and work out what elements will help you to 're-imagine' the service you are looking to procure.
<b>Question</b>	Why are we doing this? What are we trying to achieve? What outcomes are we looking for? What could this service look like in five years, ten years? Is this the best way to achieve it? What are the opportunities to add value? Can we deliver this better? Can we deliver more than this? How ... ?	Really interrogate the service you aim to procure. You want to get back to the basics about why you are providing the service, what outcomes you want to achieve, how you can achieve them and what else you might be able to achieve on the way. The example suggests some ways to interrogate provision of the meals on wheels service.
<b>Research</b>	What other options exist? Who else is doing this? Are they doing it better? Are they getting better outcomes, more outcomes, different outcomes? Can we deliver more for our money?	<b>Talk to...</b> Colleagues in Croydon from other service sectors; <ul style="list-style-type: none"> <li>• Your local third sector, social enterprises and other providers</li> <li>• Talk to innovators, entrepreneurs, challengers, and stakeholders</li> </ul> <b>Research...</b> Do the research. Use the internet or contacts to find out what other people are doing. What has worked? Look at case studies, best practice reports, publications, social enterprise guides, mainstream and third sector service provider websites... The example of Social Enterprise Wellbeing Regeneration gives you a flavour of how services can be completely re-thought, and unlikely services paired together. Conduct research with service users - what are their needs really? <b>Think ...</b> Who else could bring a new perspective? Where else could you look?

	Ask	Act
<b>Re-Imagine</b>	<p>What could it look like if. ... ?</p> <p>What could it look like in 5 years'time?</p> <p>What if ... ?</p>	<p><b>Get good brains together</b></p> <p>Gather together people who are like-minded and those who aren't like-minded and start storming. Tools to help you talk and think might be:</p> <ul style="list-style-type: none"> <li>• Sharing findings from your research</li> <li>• Visits to innovative service providers</li> <li>• Visiting speakers with best practice to share; and</li> <li>• Brainstorming workshops - bring in a facilitator or ask someone from another part of the LA or other organisations to facilitate. A fresh eye is usually invaluable.</li> </ul>
<b>Re - Specify</b>	<p>Were the outcomes we started with the ones we really want to achieve?</p> <p>What does the service really look like now?</p>	<p>Go back to the category cycle and develop a revised needs analysis and set of business requirements.</p>



## 3. The procurement steps to achieving good quality social benefits

### Choose your procurement route

The key to successfully delivering additional social benefit through our commissioning or procurement process is ensuring that social benefits are at the core of the processes. Identifying them as one of the key drivers of an exercise means that you have the opportunity to sculpt the process you are about to commence in order to suit the issues (social and otherwise) which you wish to address through the investment.

Potential bidders should be in no doubt as to what Croydon hopes to achieve. Our enthusiasm for addressing social need in this way should be clear from our behaviour and our documentation. Good, accomplished bidders will pick up on this and no matter whether you opt to introduce social award criteria or simply impose performance obligations (see the arguments for both on page 20), they will understand the importance of being mindful of this as they seek to progress in the competition. If bidders don't know how important obtaining social value is to Croydon, there is little chance of them assisting us in achieving social benefits.

The third sector, including charities and social enterprises are, in general, delivering social benefit as a matter of course and will be well-placed to respond to your aspirations for social benefit.

Although the private sector does not, on the whole, have social value embedded in its delivery processes in the same way as the third sector there is a clear movement amongst elements of the private sector to get involved in such initiatives. Yes, they know it can help them win appointments, but it is clear also that they often see it as an extension of their own corporate social responsibility initiatives.

Therefore if the Council can establish itself at the forefront of this movement and put in place mechanisms to harness the skills and expertise of the relevant sector then there is a very real opportunity to deliver something significant for Croydon. Getting the message right will attract credible and competent bidders, with extensive experience of delivering social benefits through their public contracts, enabling us to make a very real difference.

### ► Social Benefit as Award Criteria or Performance Obligation

One of the key debates when considering integrating social benefit into procurement is whether or not it is appropriate to use social benefits as award criteria and therefore as part of the decision as to who to award a contract to.

At its simplest, a social issue may be an award criteria if it is linked to the subject matter of the contract. In such circumstances you will be able to take into consideration social benefits at every stage of the procurement, including, for example at selection (in terms of the bidder's experience) and at award (in terms of the bidder's proposals to deliver social benefits). If this is not possible, it is still, however, possible to impose performance obligations on a successful contractor. In certain circumstances, it may even be possible to combine both approaches.

What is important is that in nearly all circumstances it will be possible to seek to secure additional social benefits. **Determining that the identified social issue is linked to the subject matter of the contract provides the greatest opportunity to ensure social considerations are at the core of the decision-making process.**

However, even if this isn't the case you still have the opportunity to impose social value within a contract as a pre-determined performance obligation – you just can't take this into account in the award.

As with many elements of procurement law there is limited guidance as to how to establish whether something is, or is not, linked to the subject matter of the contract. Care should, therefore, be taken to analyse what it is you are seeking to commission, what social benefits you hope to secure and whether it can properly be said that the social issue is linked to the core requirement of the contract.

Ultimately it is up to the Council to determine what the procurement relates to. It may be possible to tie the social issue to the subject matter of the contract and evaluate the bidder's approach to this as part of the award decision if:

- You can describe in detail the investment you are making;
- Articulate how and where it relates to, for example the wider regeneration of the area; and
- Address how it seeks to address some issue of community deficit or why it is being placed in order to facilitate a wider community programme.

### ► Which approach to use and when

Determining the best approach must be done on a case by case basis. A single approach would not work for any contracting authority. Each contract must be looked at on its own merits and many different factors will be relevant when deciding how to proceed. These include:

- The value of the contract – only contracts over certain values are subject to the full rigours of procurement law. [At time of publication the thresholds for works, supplies and services are £4,348,350, £173,934 and £173,934 respectively]. Contracts falling below the thresholds are not subject to many of the more restrictive obligations. In these cases you have significantly more flexibility to adopt a process which suits your social benefit aspirations and which might make it easier to give credit to bidders who seek to address social issues in their responses;
- The nature of the contract (i.e. what's it for?) – not all contracts lend themselves to a social benefit approach. For example, it is generally acknowledged that there is limited opportunity to embed social benefits into the procurement of a simple supply contract;

- Whether it is a regulated or unregulated contract – not all contracts trigger the full applications of procurement law. For example, contracts for 'Part B' services (even if above threshold) such as for social services, security or restaurant services are all subject to a lighter touch regime. Similarly, contracts for investment, simple land transactions and works and services concessions are all less regulated and, therefore, potentially provide an additional opportunity to adopt a more flexible and commercial approach to the placing of these contracts; and

- What types of organisations might be interested in the contract? - Understanding who might be attracted by the opportunity and ultimately who might be able to deliver it will be extremely important in choosing your approach. For example, if it is for an extremely complex or high value works contract, then the focus might be on requiring minimum numbers of new employees, apprenticeships etc. to be delivered through the contract and creating obligations for a transparent process for delivering sub-contractor opportunities.

If the contract is a smaller services contract consideration might be given to whether smaller businesses and community or voluntary organisations could deliver it. If this is the case, care should be taken to ensure that such businesses are aware of the opportunity, understand what might be required to tender for

it and there are no unnecessary barriers to their involvement in the process (further guidance supporting this approach is published by Croydon's Workforce and Community Relations directorate – 'Commissioning and Procurement Policy for Jobs and Skills').

The following section and diagram (page 20) describe two main suggested procurement routes: Route 1 – 'Award Criteria' and Route 2 – 'Performance Obligation', (i.e. contract performance) and the merits of each in terms of trying to get the most social value from a contract.

*If you look at the flow diagram (over page) first, the text explaining each stage follows.*



## The Procurement Routes to Achieving Social Value

Before you can choose the correct route, you need to consider what it is you are purchasing, how you are going to do this and what additional benefit you hope to secure.

### Route 1 - Award Criteria

This approach will be available if the social issue can be said to be related to the subject matter of the contract.

#### Embed in Business Case

Embedding in the Business Case means that you are thinking about social issues from the outset, giving you the best chance of maximising the opportunity.

#### Reference in OJEU (Part A services)

This is a legal requirement that also ensures bidders are aware from the outset of your intentions. (See sample OJEU wording in (page 21).

#### Test previous experience of delivering social benefits in PQQ

As the social issue is related to the award criteria, it is permissible to test bidders' experience of delivery on social issues. (See sample questions at (page 22).

#### Craft award criteria, and disclose in ITT/ITPD

Either within the ITT or the invitation to participate in dialogue the social award criteria weightings and method of scoring should be disclosed. (See 3 approaches to award criteria in (page 37, 47,56).

**Award Contract** - All submissions are evaluated and the most economically advantageous tender identified. (See sample scoring matrix at page 37 and 47). All commitments made by the preferred bidder including those related to social issues should be reflected in the final contract.

#### Monitor Performance

Having secured a commitment from the contract or to deliver social value, it is imperative that the council manage the successful delivery of these. (See page 24, 53 and 56 for details on how a maintaining process might be implemented.)

### Route 2 - Performance Obligation

This approach is nearly always available and should be the minimum expected.

#### Embed in Business Case

Embedding in the Business Case means that you are thinking about social issues from the outset, giving you the best chance of maximising the opportunity.

#### Reference in OJEU (Part A services)

This is a legal requirement that also ensures bidders are aware from the outset of your intentions. (See sample OJEU wording in (page 21).

#### Explain Importance in Pre-Qualification Document

Again, this is about ensuring that bidders have no doubt as to the importance of seeing a social return to the council.

#### Disclose Performance Obligations in Tender Documents

Whilst not tested as part of the award decision, the contract clause must be provided to all bidders in order that they can price to deliver these. (See page 27).

#### Award Contract

The contract is awarded to the bidder submitting the draft tender providing they have committed to meet the contractual obligations (including the social performance obligations).

#### Monitor Performance

Having secured a commitment from the contractor to deliver social benefit, it is imperative that the council maintain the successful delivery of these. (See page 24, 53 and 56 for details on how a maintaining process might be implemented.)

Feed back results and learning into the commissioning cycle

## Route 1 Award Criteria Methodology

### ► Pre-procurement market assessment

Market assessment is a powerful tool for exploring the capability of the market-place to deliver social benefits. At the outset of the procurement the relevant market place should be thoroughly researched and a 'provider list' created of all realistic bidders, including large established providers, SMEs, micro-enterprises and third sector organisations. Where time and resources allow, these suppliers can be brought together at a 'bidders' day' at which the outline project-plan can be discussed.

Initiatives aimed at widening participation in bidders' days and the procurement should be considered where appropriate. These may include encouraging main suppliers to advertise sub-contracting opportunities in the local press and splitting contracts into smaller lots, which are manageable for micro-enterprises and SMEs.

Specialist third sector organisations, who would ordinarily not be involved in public procurement should also be contacted and made aware of the opportunities.

These measures must be carefully managed to avoid directly or indirectly favouring any contractor and should not be used to avoid the application of the Regulations. Further guidance on widening participation in public procurement is available on the Cabinet Office website (<http://www.cabinetoffice.gov.uk/>).

Feedback from market engagement can be used to produce technical specifications, which align with the capabilities of the market-place and incorporate achievable social benefits. These specifications will underpin the evaluation criteria used in the procurement to select the winning bidder.

### ► OJEU

Where procurement falls within the scope of the Regulations, a notice must be published in the Official Journal of the European Union (an 'OJEU Notice'). No matter whether you are using award criteria or simply performance obligations, you must make this clear from the outset. This is not only a legal requirement but in addition it is your opportunity to put such matters firmly at the forefront of the procurement.

If the evaluation criteria incorporates social benefits this must be set out in the OJEU Notice. Wording used for this purpose should be framed

as broadly as possible to ensure maximum flexibility throughout the process. The following is example wording:

*"It is intended that this Project acts as a catalyst for [broadly define the goal of the social benefits e.g. regeneration within the London Borough of Croydon]. Accordingly, the [contractor] will be required to actively participate in achieving these objectives and contract performance conditions may relate to social and environmental considerations. The contractor's technical capability to meet these requirements may also be assessed at the pre-qualification stage and criteria which assess the manner in which the contractor will meet these requirements may also be included within the contract award criteria. Further details will be provided in the [Pre-Qualification suite of documents]."*

Where a contract falls outside of the Regulations, a notice will be published at either national or EU level depending on the nature and value of the contract. Similar wording should be used to ensure bidders are fully informed of the procurement's social objectives.

### ► Pre-qualification Questionnaire

It is easy to dismiss this as a procedural exercise but the elements in the 'PQQ' can be key to defining how important social benefits are to Croydon. In the short term it focuses the attention of the bidders and the immediate market, in the long term it heightens awareness and builds the contractor skill base.

The rules on pre-qualification questionnaires (PQQs) permit an initial assessment of social benefits where they are connected to the grounds for exclusion specified in the Regulations: mandatory and discretionary grounds for rejection, financial standing and technical capacity to perform the contract. In practice, questions on social benefit will fall into the latter category.

A PQQ must include core questions, for which the Cabinet Office has published standard form questions, which Local Government bodies are recommended, but not obliged, to use.

(<http://www.cabinetoffice.gov.uk/sites/default/files/resources/Annex-A-Core-PQQ-questions.pdf>).

Project specific questions may also be used, such as the following:

### *Environmental Management Policy*

1. *Do you have a documented policy and organisation for the management of construction related environmental issues?*
2. *Do you have documented arrangements for ensuring that your environmental management procedures are effective in reducing or preventing significant impacts on the environment?*
3. *Do you have arrangements for providing employees who will engage in construction, with training and information on construction-related environmental issues?*
4. *Do you check, review and where necessary improve your environmental management performance? Do you have arrangements for ensuring that any suppliers you engage apply environmental protection measures that are appropriate to the work for which they are being engaged?*

### *Targeted Recruitment and Training*

*It will be a requirement when carrying out this contract that the contractor provides support for targeted recruitment and training. Please provide [insert number of] examples of your approach to and previous experience of supporting targeted recruitment and training initiatives when carrying out contracts similar to this contract.*

### *Community Engagement*

*As this project is to be delivered in an area of high residential density, it is important that the contractor engages with the local community as it seeks to successfully deliver the contract. Please provide [insert number of] examples of previous projects where you have engaged with a local community during the successful delivery of a complex project similar to the Project in a similarly built up area.*

*Detailed consideration should be given to the weighting given to social benefit considerations and how they should be assessed during this stage of the procurement."*

In very broad terms, there are two ways to "test" what a bidder might offer in terms of its proposals for social benefit. These are:

1. **Specified Requirements:** Where the bidder is required to submit figures and outcomes in a defined manner and this is captured in a contract schedule.
2. **Open Questions:** Where the bidder is presented with challenges that need resolving via open questions for the bidder to develop innovative solutions.

### ► Specified requirements

A pro-forma method statement asks bidders to state how they will provide the social benefits set out in the award criteria. This is the most straightforward option as it forces bidders to address each of the requirements and can be evaluated using a more structured scoring framework.

The benefit of specified requirements is that you ensure a consistency of response in the tender return. This makes evaluation easier and ensures that bidders deliver to a minimum requirement. It ensures that the outcomes can be transferred easily to the contract. An approach of this type has been successfully utilised across the UK by bodies such as Raploch URC (see case study on page 52), Crossrail (on its multi-billion pound investment in new rail infrastructure page 26), and the Olympic Delivery Authority (page 9) on its investment for the 2012 Games.

Example method statements from Crossrail and Raploch URC are set out over the page. The potential downside of specified requirements is that they do not necessarily challenge bidders to exceed targets and deliver over and above the requirement.

### ► Open Questions

Open questions provide bidders with an outline of what the authority is seeking to secure and challenges bidders to meet and exceed this.

The benefit of this approach is that it presents the greatest opportunity for a bidder to use their innovation and expertise to offer something different, to seek to develop solutions which are not formulaic but rather which look at problems from different angles. Such an approach often delivers a greater return generally but also a wider and more diverse range of benefits, many of which could never have been anticipated at the outset. Islington BSF (see case study page 58) is one example where the Local Authority secured a range of benefits it may not otherwise have achieved using an ‘open question’ approach.

An open question may be drafted as follows:

*“Bidders are required to demonstrate how they would construct and operate their supply chain(s) in order to respond to matters in the area of the specific Scheme, evidenced by specific examples. This should include as a minimum: Employment opportunities; Education / training / apprenticeship opportunities within the supply chain.”*

*“The Contractor is required to state in Appendix # the number of small businesses (SMEs) and Social Enterprises (SEs) that he will employ on the Project. The Contractor will be required to make opportunities available and to support the development of an effective supply chain.”*

*“The Contractor is required to develop and deliver a community benefits plan identifying the benefits which it will contract to deliver during the course of the contract. The plan should describe in detail each benefit, how and when it is to be delivered.”*

Whilst the first approach, specified requirements, limits the opportunity for innovation to some extent, it is clear that evaluating responses from bidders to specified requirements is likely to be easier, as the analysis required to do this is likely to be far less subjective.

### ► **Contract Management**

The implementation of social benefits can only be as successful as the monitoring and review mechanisms contained in the final contract. Effective contract management is absolutely vital.

To ensure that social value objectives are delivered, it must be possible to measure and quantify the outcome they pursue. Where social benefits have been used as award criteria, a carefully drafted method statement can be adapted for use in a contract. Where open questions are adopted or proposals are modified during competitive dialogue thought must always be given to how proposals can be measured and managed during the contract.

Robust monitoring against defined key performance indicators (KPIs) must also be included. KPIs should be clearly drafted, achievable and reflect the importance of the social benefit to the project as a whole. The data collection exercises should not be unnecessarily onerous and the associated costs should be proportionate to the value of the contract. You will need to conduct frequent reviews and include appropriate incentives and disincentives to encourage compliance.

Effective and fair contract management mechanisms can also foster a ‘partnership culture’ with a supplier, bringing additional ‘soft’ benefits to project delivery.

### **Example of matrix from Raploch URC**

#### ► **Social Benefit Method Statement**

##### **1. Training**

- 1.1 Describe the steps that will be taken to ensure that employed status new entrant trainees will comprise either a minimum of 10% of the person-weeks required to deliver the works or a minimum of 157 (no.) whichever is the greater, and that wherever possible such new entrant trainees will be recruited from Employment Connections, EmployAbility Stirling or another agency named by Landholdings.
- 1.2 Please complete the Tables below in relation to the whole development and then the next two 12 month periods.

*Total person-weeks to be delivered by new entrant apprenticeships, employed operatives and non-employed trainees (excluding work placements)*



Occupation	Labour Requirement		Person-weeks delivered by New Entrant Trainees									
	Total for Contract		Apprentices		Employed operatives		Non-employed Trainees		Total No.		% of total	
	P/wks	No	P/wks	No	P/wks	No	P/wks	No	P/wks	No		
Trades Apprenticeship for Young People and Adults												
Employed Operatives semi-skilled and unskilled employees												
Total in employment												
Non-employed trainees all levels and occupations												
Total in Employment and Training												

**Notes:**

**P/wks** – A person-week is the equivalent of one person working for 5 days either on site, or through a mix of on-site work and off-site training. The total person-weeks utilised on the contract to include time provided by management and professional staff, trades and operative staff, and ancillary staff.

**No** – enter here the number of individuals that you anticipate using for each occupation and category.

**A new entrant trainee** is a person that is leaving an educational establishment (e.g. school, college or university) or leaving a training provider, or a non-employed person that is seeking employment that includes on-site training and assessment or offsite training, or a mix of these.

**An Apprentice** is a person registered as an apprentice with an industry recognised body. Each apprentice can be counted as a new entrant trainee for up to 104 weeks.

### Example of matrix from Crossrail

SILNT Output Breakdown SLNT Category	Yr 1	Yr 2	Yr X	Yr X	Equivalent value per £3m tendered total	Total
Crossrail Priorities (at least 50%) - an apprentice or a sustainable job start (min 6 months) for; an individual from the Local Community and/or an individual who has been long-term workless / unemployed/ out of education or training for 6 months plus.						
Apprentice (new)	2	1			1FTE	P/wks
Job Start					1FTE	
Other outputs (50% or less)						
Graduate Training Scheme	200	200			1FTE	
Placement (days)					200 days	2
Taster (days)					100 days	
Workforce Skills (days)		200			100 days	2
Work Experience (days)	100	100			100 days	2

## Route 2

### Performance obligations methodology

#### ► Pre-procurement market contact

Where social benefits are not core requirements the emphasis of market contact should be on the industry's contractual structures and suppliers' attitudes to various forms of monitoring and KPIs. Particular attention should be paid to suppliers' opinions on the feasibility of the various options and their likelihood of achieving the stated benefit.

Preparation for market engagement is important, including accurately defining the social benefits and considering how these might be incorporated into contracts and managed going forward. Careful preparation will ensure both sides can contribute effectively to the engagement and begin to consider appropriate approaches.

#### ► OJEU

As noted earlier, one of the keys to success is ensuring that bidders are in no doubt as to the importance Croydon Council places on securing social value from its investment. Your

enthusiasm for this must serve to inspire them through both your behaviour and conduct when engaging with them and as a clear and consistent theme in each and every procurement document.

It will still be necessary to inform bidders of the role of social benefits from the outset to ensure they are capable of making an informed judgment on whether to take part in the process. The following wording may be used.

*"It is intended that this Project acts [as a catalyst for the social regeneration of the local area]. Accordingly, the [contractor] will be required to participate actively in achieving these objectives. Accordingly, contract performance conditions may relate to social and environmental considerations. Further details will be provided in the Contract Documents."*

#### ► Award / contract management

Performance obligations are not award criteria so cannot influence who is chosen as the successful bidder. Whilst bidders must accept the contractual conditions in order to submit a valid bid, they are only required to implement the terms when performing the contract, not before or during the tender exercise.

The same principles of contract management outlined above must of course be applied for all social benefit elements of the contract to ensure effective delivery.

Contractual conditions offer a wider array of social benefits than is often possible by using the evaluation criteria methodology. The following benefits were expressly recognised in the European Commission's Interpretative Communication of 2001:

- The obligation to recruit unemployed persons, or to set up training programmes for the execution of the contract;
- The obligation to implement, during the execution of the contract, measures that are designed to promote equality between men and women or ethnic or racial diversity, or provide equal access to persons with disabilities;

- The obligation to comply, during the execution of the contract, with fundamental human rights (such as the prohibition of forced and child labour) guaranteed by the International Labour Organisation (ILO) core conventions, in so far as these provisions have not already been implemented in national law; and
- The obligation to recruit, for the execution of the contract, a number of persons with disabilities over and above what is laid down by the national legislation in the Member State where the contract is executed or in the Member State of the successful tenderer.

*“The Contractor is required to identify and participate in activities which engage the local community and help raise awareness of the project, the construction industry and sustainable development.*

*In meeting these requirements, the Contractor will be required to provide a named contact for each site and to actively engage with the Council and to work in partnership with appropriate agencies and service delivery agents.*

*On the award of the Contract, a detailed process map will be agreed taking account of the delivery infrastructure in the area.*

*In submitting this tender, the Contractor agrees to meet the Community Benefit requirements and to pro-actively engage with the Council.”*

Provided the intention to use social benefits is set out in the OJEU, the only other express constraints are that the conditions must be related to the performance of the contract and comply with EU law.

When you get to the stage of managing the contract please go to guidance on page 24.

### Instruct

Bidders must set out their offer against a series of closed questions.

“How many long-term unemployed will be employed on the project?”

“How many social enterprises will be included in your supply chain?”

### Require

Bidders must complete a matrix or table specifying the exact number and nature of social benefits they will deliver assessed against pre-agreed measures such as ‘number of person weeks of training’.

The Raploch and Crossrail matrices are good examples.



► **The Power of ‘Competitive Dialogue’ in maximising social value**

This can get a bit complicated but it is worth giving serious consideration to competitive dialogue (or CD). The main advantage of CD to Croydon is the ability to engage directly with bidders during dialogue.

Competitive Dialogue is the most sophisticated and flexible of the four procedures available to contracting authorities under the Procurement Regulations. In contrast to a more restricted procedure, the Competitive Dialogue procedure offers more flexibility during the dialogue stage to discuss the fulfilment of social benefit objectives as a two-way dialogue matching the authority’s aspirations with each bidder’s capabilities.

If you can justify using CD then we can use its ‘dialogue’ sessions to raise specific issues with bidders, ensuring that they are addressed either in the bidder’s response to the technical requirements or in the contractual documentation as appropriate.

However, CD may only be used for what are termed ‘particularly complex contracts’. This term is intended to describe projects where the authority is unable to define the technical means of satisfying its needs or to specify the legal / financial structure of the project from the outset. In practice, this is likely to arise where it is not possible to issue a comprehensive set of requirements at the outset. Through a CD procedure, an authority can engage with the bidders, using their specialist and more technical know-how and expertise to define its requirement more precisely and before inviting final bids.

An authority must carry out a ‘suitability exercise’ before using CD to test its appropriateness.

Of late, Central Government has sought to dissuade procurers from using CD because of the assumed additional costs involved and the time it takes to use CD. It is true to say that it is not appropriate to use CD when the complexity of the project does not justify it. However, it is also the case that often it is the only appropriate way to put in place a contract which is not simple and on which the legal, financial or technical requirements cannot be specified in advance.

Approaches used to deliver under CD have become significantly more efficient and effective in recent years. In light of this, and given that CD provides the best platform to encourage bidders to deliver more, unilaterally ruling out use of CD in all but exceptional cases would undoubtedly represent a missed opportunity.

## Outline of the procedure

In the more regulated procurements, a CD starts with a call for competition by way of a notice in the Official Journal of the European Union. Bidders who express an interest are then asked to complete a pre-qualification questionnaire and selected bidders are invited to participate in dialogue and submit outline solutions.

After examining the outline solutions, the authority will conduct a series of meetings (known as “dialogue sessions”) with each bidder individually, where their solutions will be discussed. The authority may hold as many “phases” of dialogue as it chooses and depending on the competition structure, may conduct interim evaluations between the phases and exclude weak bidders. We haven’t gone into detail in this Toolkit but clearly where commissioning or procuring a service which constitutes a Part B Service (for example, health and social services, restaurant services or recreational or cultural services) which is not therefore regulated as strictly as a Part A service (i.e. maintenance and repair, architecture, accounting etc.), the potential is greater to adopt a more flexible procedure which has, at its core, dialogue and direct engagement with bidders.

## Benefits of using Competitive Dialogue in achieving Social Benefits

The main advantage of CD to Croydon is the ability to engage directly with bidders during dialogue. If Croydon can justify using CD then it can use its dialogue sessions to raise specific issues with bidders, ensuring that they are addressed either in the bidder’s response to the technical requirements or in the contractual documentation as appropriate. By highlighting and discussing clear objectives with bidders, Croydon could ensure that all bidders are clear on all of the drivers for the project including any efforts to secure social benefits, thereby ensuring that bidders are in a strong position to fulfil them and possibly exceed them.

A second advantage of CD is the competitive tension created between bidders during dialogue. A pro-active bidder will not only seek

to fulfil the social benefits identified by the authority but will often also attempt to build on the themes presented to create a competitive package, which may exceed the authority’s expectations.

As authorities demand more value for money from their suppliers, the ability to demonstrate additional social benefits is a key opportunity for suppliers to differentiate themselves from their competition. A further advantage is that CD is evaluated using the ‘most economically advantageous’ tender criteria, which seeks to identify the best-value tender, taking into account various factors, expressly including social characteristics, placing social benefits at the heart of bidders submissions and the evaluation process.

### ► Conclusions

In summary, when you are considering which procurement route to take to get most social value it will help you if you first consider **what we want to achieve** and **how we are going to go about it**, taking into account:

- The value of the contract;
- The nature of the contract (i.e. what's it for?);
- Whether it is a regulated or unregulated contract; and
- What types of organisations might be interested in it?

As we said at the start it can be tempting to dismiss procuring for social benefit as too tricky! This toolkit, however, demonstrates that securing social value involves simple steps that integrate social benefits into our procurement practice. It is straightforward, achievable and worthwhile.

Taking those steps will bring significant benefit to Croydon Council and the people it serves by delivering a social return, wherever possible, on every pound it spends.

What follows next is a number of case studies from local authorities or public bodies who have secured social benefit through procurement. There are 10 case studies.

This toolkit is entitled 'Inspiring and creating Social Value in Croydon'. The intention is that these case studies not only inspire us all into action but that we use them in practical ways: to help us recognise where opportunities exist in the category cycle; to offer reassurance that it can be done and to offer actual tender document extracts - clauses, disclaimers, evaluation tables and so on for re-use.

We hope this gets you on your way to getting as much social value as we can out of commissioning and procurement for the people of Croydon.



## 4. Case Studies

### 1. CASE STUDY: CCURV Skills and Employment Group

This case study demonstrates Croydon's commitment to sustaining employment and building skills in the borough.

#### Background

CCURV is a Local Asset Backed Vehicle into which Croydon Council provides land and assets and John Laing provides equity working capital and development management services to undertake development projects. CCURV is committed to delivering regeneration holistically within Croydon. Ambitious yet robust strategies to deliver social and economic benefits locally are part of CCURV's strategy for each development and are reflected as key deliverables in CCURV's contracts with its construction supply chains. The Croydon Council Urban Regeneration Vehicle (CCURV) Skills & Employment Group brings together the public private and third sectors to shape and review the social and economic benefits delivered through CCURV; an innovative 25 year partnership between Croydon Council and John Laing, a private investor and developer.

#### ► How social value was secured

##### The tender process

CCURV's objective to encourage employment generation and growth of a buoyant economy for Croydon is one of a number of published CCURV objectives that are contained in the overarching CCURV legal framework between the Council and John Laing. This obligation is carried forward in performance indicators agreed and committed to by CCURV contractors.

Open dialogue with contractors is undertaken during the selection process prior to appointment concerning corporate social responsibilities commitments: local employment, education and training, career and professional development, local supply chain and community development.

Specific commitments agreed with contractors are ratified by the CCURV Partnership Board and enshrined within contracts. Typical targets might include:

- A defined percentage of the workforce to be on trainee and development programmes
- A defined target percentage of the workforce to be recruited locally (i.e. from within the Croydon Travel to Work area) and all new employment opportunities advertised in Croydon first
- Creating local supply chain opportunities, seeking to place a defined number of packages with local businesses and defined number of further Tier 3 packages
- Creating opportunities for third sector organisations to enter the supply chain or to provide added value by linking services to local needs.
- Creating and supporting work placements, internships and other vocational opportunities for Croydon's young people
- Engaging directly with the curriculum through supporting the development of vocational diplomas and developing construction-linked lesson plans

- Work with at least 1 voluntary and community sector organisation on an ongoing basis for the life of the project
- Appoint a dedicated “Champion” to undertake liaison with local communities, groups and organisations

### ► What social value has been achieved

The Skills & Employment Coordination Group was established because both Croydon Council and John Laing recognised that more could be achieved by supporting positive collaboration than by leaving the supply chain to work autonomously and perhaps in isolation from the organisations and initiatives already supporting communities and businesses in the borough.

The Skills & Employment Coordination Group meets monthly and includes: Croydon College; Jobcentre Plus; REDs10; National Apprenticeships Service; Business to Business; Croydon Voluntary Action, Changing Paths; Sir Robert McAlpine; Wates Construction; C Skills; John Laing and Croydon Council.

The Skills & Employment Coordination Group seeks to maximise local benefits by deploying the complementary, but different skills of each of its members, to seize new opportunities and

collectively tackle challenges that could hinder delivery. Successes to-date include:

- Over £6 million CCURV supply chain contracts have been awarded to Croydon’s businesses. Local SME engagement has been facilitated through working with Business to Business, which provides ERDF-funded services to provide tailored engagement to upskill local SMEs to identify and effectively compete for our supply chain contracts;
- CCURV and its construction partners also supported Business to Business to bid for, and secure, further funding to extend its business support programme for two more years. Our ability to stimulate demand is growing encouraging our supply chain to buy from local firms. It helps to effectively link the training local businesses receive to real opportunities;
- Average local employment of 18.2 % on the Bernard Wetherill House scheme (Sir Robert McAlpine) and 23% on the Waddon mixed use scheme (Wates Construction);
- With advice from the National Apprenticeship Services, an Apprenticeship Training Agency (ATA) has been established between CCURV and REDs10, an award winning social

enterprise. The ATA augments the number of apprenticeships generated by CCURV’s construction supply chains by brokering part placements across multiple CCURV projects; To-date this has created 12 placements, which would have not been possible if we had only adopted a traditional approach to apprenticeships;

- Funded by the Wates Giving Programme and the John Laing Charitable Trust, a bespoke programme has been provided by the construction supply chain and Changing Paths to provide training and guaranteed sustainable employment to those leaving prison. This was designed as part of Croydon’s response to supporting local communities after the Borough was affected by civic unrest in the summer of 2011.

A key success factor within this initiative has been the collaborative approach between Changing Paths, Job Centre Plus, Croydon Council and our construction partners. The partnerships has been instrumental in tackling potential barriers that may have prevented beneficiaries taking part, such as the possible loss of benefits. To-date 5 ex-offenders have secured sustainable, full time employment through this initiative;

- 8 local people who were long-term unemployed undertook an intensive two week work experience programme organised by Sir Robert McAlpine together with Jobcentre Plus, which has led to sustainable, full time employment with firms in the construction supply chain;
- A wide range of lectures and placements have been offered for students at Croydon's colleges and schools and Wates Construction is providing training in the latest industry technologies for teaching staff at Croydon College's New Addington Construction Training centre;
- Recognising that efforts to place local people in construction-linked employment opportunities are sometimes hampered by a lack of understanding about specific trade and skills requirements, Jobcentre Plus worked with REDs10, Sir Robert McAlpine and Wates Construction to develop training and dedicated points of contact. This ensured a better match between the candidates under consideration and the vacancies that become available;
- A Training and Visitor Centre has been provided by CCURV and Sir Robert McAlpine. It overlooks a key CCURV development site and is heavily used by community groups, schools and Croydon College for practical learning opportunities.



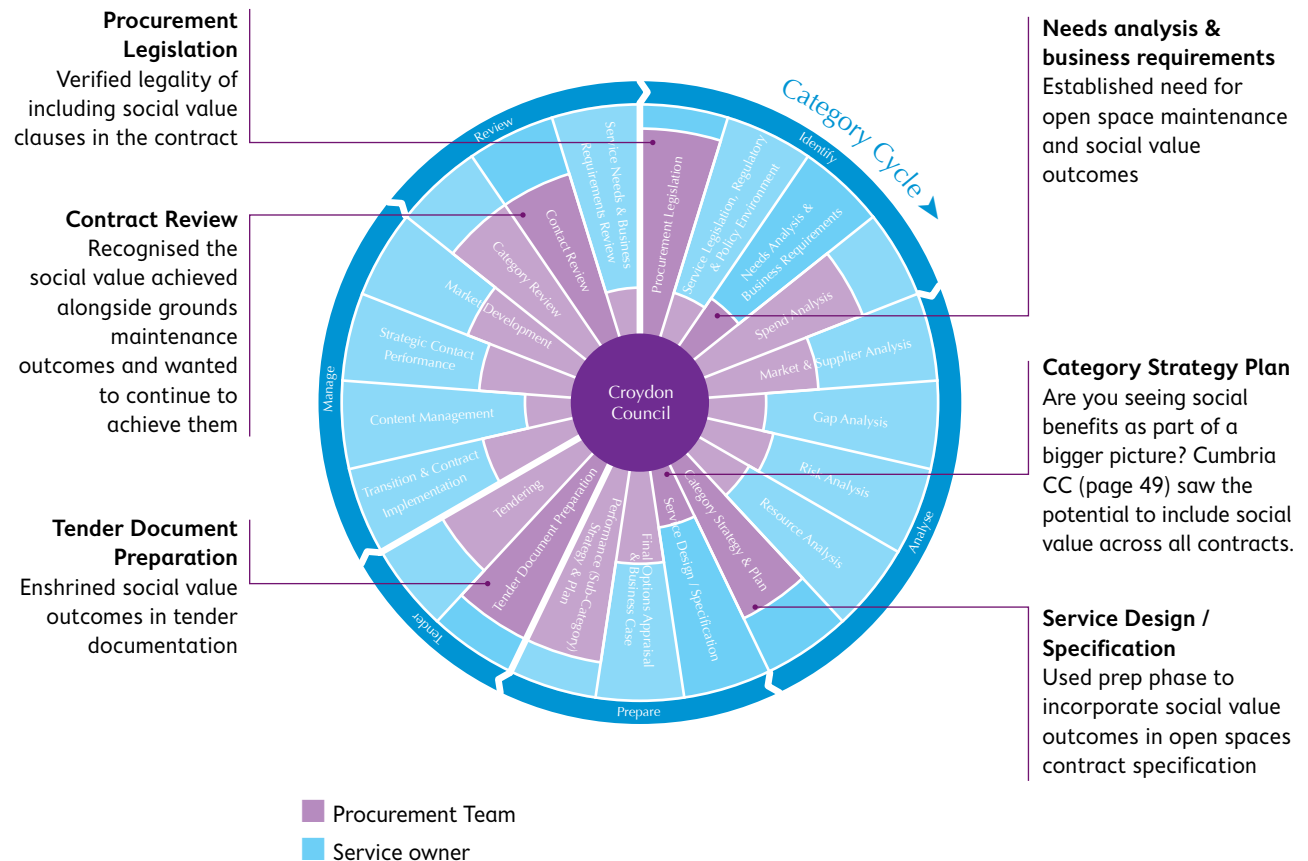
## 2. CASE STUDY: Grampian Housing Association and Solstice Nurseries

This case study demonstrates how Grampian Housing Association included social benefits as core requirements in its open spaces maintenance contract after recognising the added value that Solstice Nurseries brought to the original contract through its workforce of people with mental health difficulties.

### Background

Solstice Nurseries is a social firm that provides training and employment around horticulture for people suffering with mental health difficulties. Grampian Housing Association (Grampian HA) played a crucial role in supporting Solstice Nurseries in its start-up phase and contracted it to provide open space maintenance work on a number of its estates. It also provided accommodation for the organisation while it secured funding and established a new site for the nursery.

When the open space contracts, at a value of £100,000, came up for retendering Grampian HA needed to test Solstice Nurseries' services against the wider market. However, it also wanted to recognise the training and employment opportunities that social enterprises like Solstice Nurseries provide.



## ► How social value was secured

### The tender process

Although Grampian HA was keen to secure training and employment opportunities from its contractors the organisation was unsure of the legal basis of such an approach. Legal advice reassured them that as long as there was a clear strategic fit with Grampian HA's aims and that the social benefit was the core purpose of the contract, it was possible to require social value. Grampian HA concluded that their strategic objective 3 gave a clear remit to develop social value:

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*“Promote social inclusion through community based projects.”*

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Grampian HA piloted an amended procurement procedure for the contract. The tender was weighted 30% price and 70% quality to ensure that price would not outweigh the other benefits in awarding the tender while still ensuring that the contract represented best value. The quality criteria included:

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*Quality of workmanship and service and community benefits, training and added value in terms of the Association's wider role*

---

Each quality heading was measured using questions with a weighted score, depending on its priority, with individual scores adding up to 100 across a section.

The score gave contractors an idea of the importance of each quality area to the Association. The Added Value element of the quality criteria carried a 30% weighting. The Table shows each element of the added value criteria.

### ► Contract Award

Although a number of contractors were able to demonstrate how they recruited and supported long-term unemployed people in the workplace, Solstice Nurseries submitted a bid which had a winning combination of price and quality.

## ► What social value was achieved?

Solstice Nurseries' tender described how they would meet the social clauses by:

- Employing a maintenance assistant
- Through their social aim statement as a social firm employing severely disadvantaged people
- Providing Vocationally Qualified and other recognised training
- Sourcing materials and services locally

Part 3 Added Value (30%)	Marks allocated
3.1 The number of new jobs that will be created through securing this contract	20
3.2 The number of unemployed people who gain employment as a result of securing this contract	20
3.3 The number of people completing recognised training, as a result of securing this contract (please state which course/ courses)	20
3.4 The number of people completing programmes to help increase job related skills as a result	20
3.5 What do you do to help sustainability, for example, in the sourcing of labour, materials, plants etc?	20

### 3. CASE STUDY: Liverpool City Council and Bulky Bobs

This case study demonstrates how, by reviewing its tender processes, councils can not only open up competitions to social enterprises, but also deliver social benefits and achieve greater value for money.

#### Background

In 2000, Liverpool City Council was exploring how to deliver its recycling service under a new regime of budgetary constraints as its contract with a mainstream contractor came to an end. The Council's financial concern arose from the 'per collection' payment system it used with the previous contractor. The Council was receiving more calls than expected to its recycling service which meant a £10 per collection fee was likely to become too expensive for the Council. They were also keen to build links with, and support, the social enterprise sector.

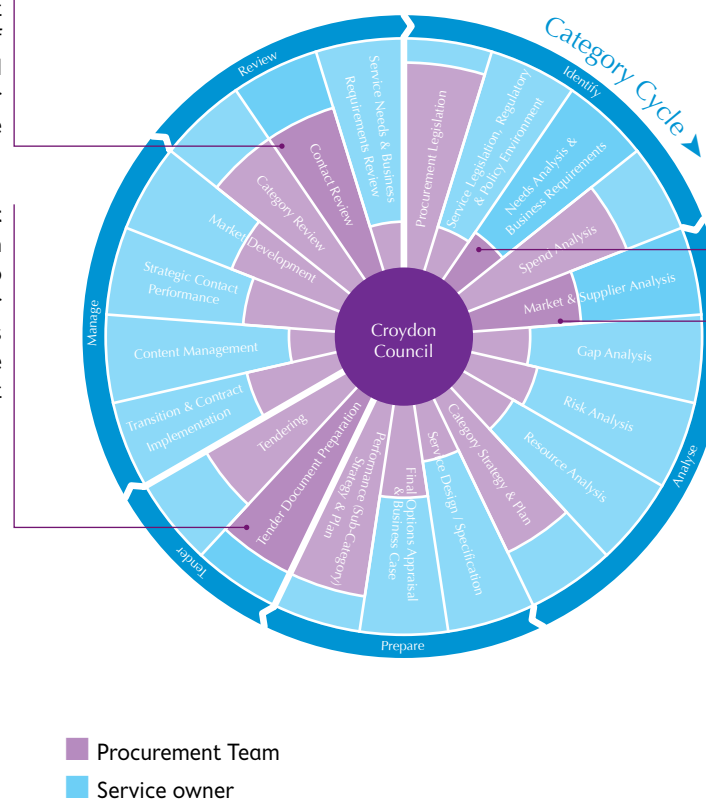
The Council approached the Liverpool based FRC Group. Bulky Bobs is one of FRC's social enterprises and provides waste removal and recycling services for bulky items at the same time as providing training and employment opportunities for the long-term unemployed.

**Contract Review**  
Recognised unsustainable cost of 'per item' contract payment structure of existing contract and potential to deliver social value

**Tender Document Preparation**  
Broke work into two contracts in order to reduce barriers to social enterprise involvement

**Needs analysis and business requirements**  
Identified waste / recycling outcomes and social value outcomes required

**Market & Supplier Analysis**  
Recognised the potential for involvement of Social Enterprises



## ► How social value was secured

### The tender process

The Council was keen to ensure that social enterprises did not encounter any unnecessary barriers in responding to the tender. To ensure this was the case the Council split the funding for the bulky waste into two contracts. The first contract focused on delivering bulky waste removal and recycling and the second focused on the delivery of vocational training for hard-to-reach people, such as the long-term unemployed, funded by local Neighbourhood Renewal Fund money. Separating the basic service (bulky waste) from the social service (vocational training) made awarding the two contracts more clear-cut and enabled Liverpool City Council to be transparent about exactly what it was paying for. Bulky Bobs won both contracts and was the most financially competitive bidder.

The contract worked out cheaper than the previous one for the council, with Bulky Bobs responding to almost twice as many calls per year than the previous contractor. Bulky Bobs benefited from the security of an annual lump sum payment for its services.

## ► What social value was achieved?

- The Council provides a wider service for the same amount of money
- The Council has reduced its landfill costs and benefits from Bulky Bob's contribution to reducing the city's carbon footprint
- Bulky Bobs employs local people and uses local suppliers where possible, which means it makes a significant contribution to the local economy
- Long term unemployed people benefit from real work experience and many go on to full-time employment
- Local families benefit from the good quality, affordable refurbished furniture sold by Bulky Bobs sells

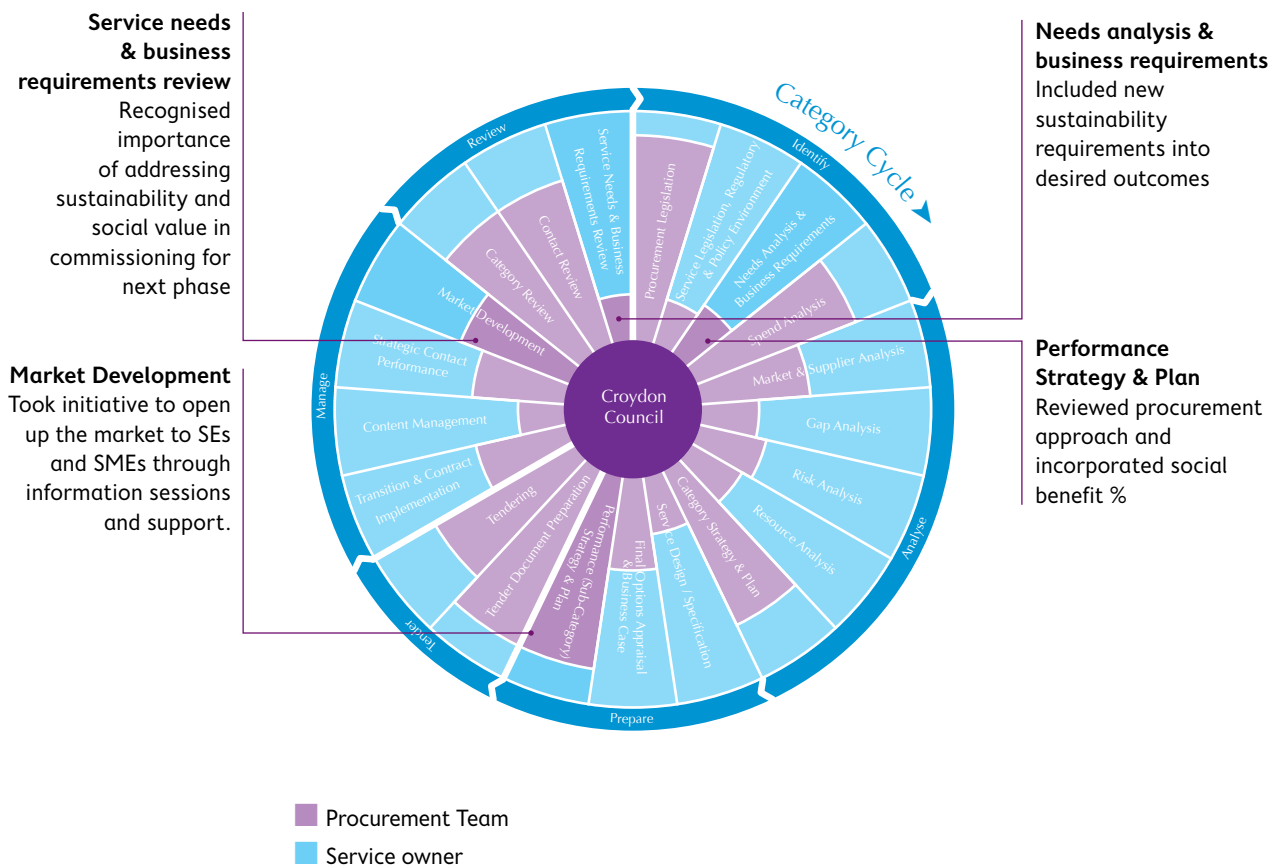
Bulky Bobs now provides services to two other Local Authorities - Oldham and Warrington councils.

## 4. CASE STUDY: Wakefield Metropolitan District Council, the Yorkshire Purchasing Organisation and Fresh Pastures

Wakefield Council and Yorkshire Purchasing (YPO) organisation showed that social enterprises are well placed to deliver contracts with added value when procurers remove barriers to tendering through, for example, awareness raising and market making.

### Background

Fresh Pastures is a Community Interest Company (CIC) set up by 2 people who wanted to take a more innovative approach to providing milk to schools. As well as providing local milk they also wanted to provide employment opportunities for people with disabilities and the long-term unemployed. 25% of its workforce comprises people with a disability and the remainder are recruited from the long-term unemployed. Any profit is ring-fenced for social benefit and ploughed back into the company.





## ► How social value was secured

### The tender process

In 2007 contracts for the provision of fresh milk with Yorkshire Purchasing Organisation (YPO), a purchasing consortium for local authorities, were due for renewal. Wakefield Council was keen to work with YPO to establish new contracts that took account of sustainability issues.

YPO and Wakefield Council procurement team worked together to develop a procurement process that recognised social benefits. 5% of the total award criteria were based on sustainable and community focused benefits. They also aimed to ensure a range of suppliers could bid by:

- Holding a tender clarification session where they responded to questions around the tender process and specification
- Holding engagement events across the business community to raise awareness about procurement opportunities and give non-traditional contractors support and guidance on the procurement process

The Social Enterprise Support Centre also helped third sector organisations to develop their tendering skills.

Fresh Pastures was one of two successful tenderers awarded framework contracts. Dairy Farmers was the other successful contractor - a co-operative of regional and national dairy farmers.

## ► What social value was achieved?

**Environmental:** minimising food miles, recyclable cartons

**Social:** employment policy

**Educational:** As well as providing children with milk at school, they use the cartons to educate young people on healthy living, good dietary planning, environmental issues, social inclusion, equal opportunity and disability awareness.

**Economic:** local produce, community focus

In a commissioning related SROI impact mapping exercise, Fresh Pastures identified that for every £1 of contract deliverable, 59p of social return would also be derived in environmental, education and employment benefits.

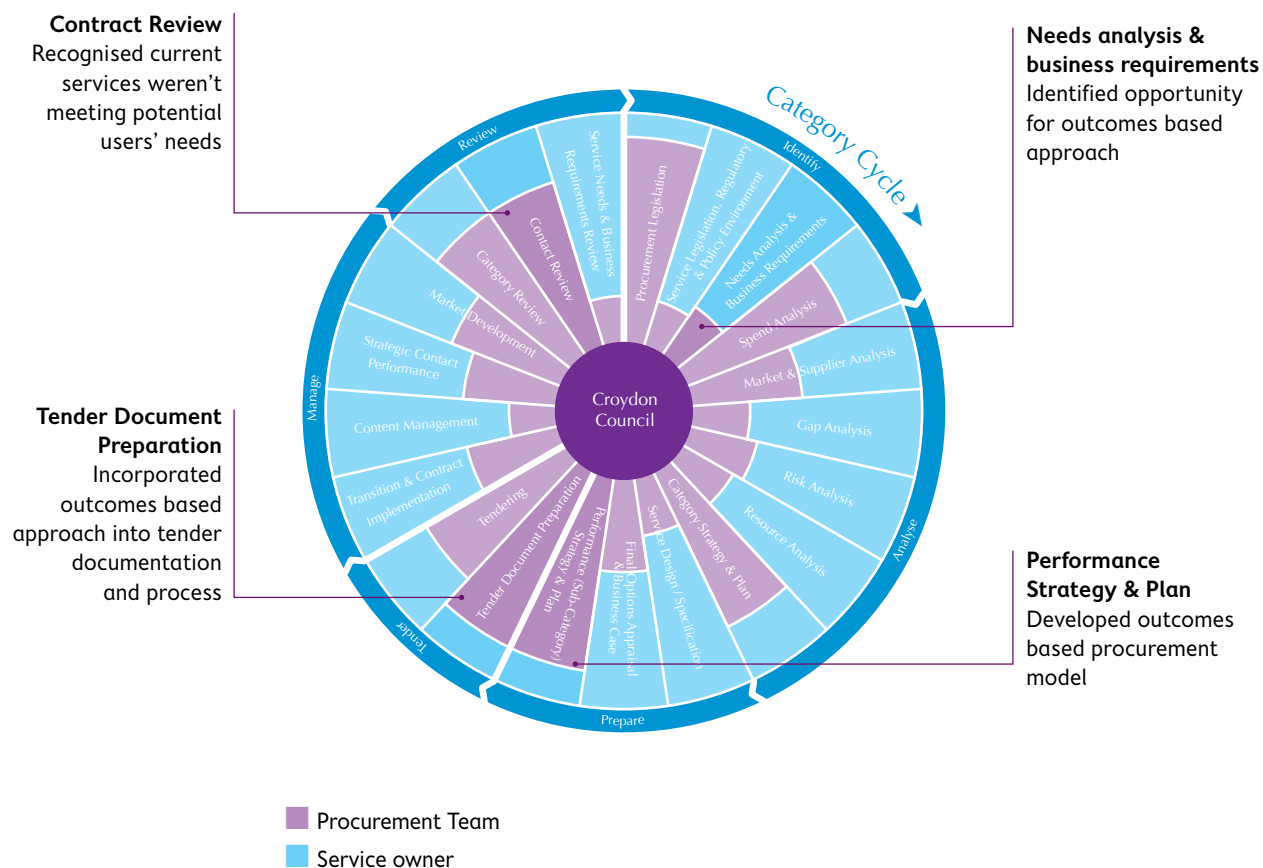
## 5. CASE STUDY: Camden Council and Holy Cross Centre Trust (HCCT) consortium (Mental Health Day Care Services)

Camden responded to the conclusions of a Best Value review by developing an outcomes based approach to commissioning which not only identified service related outcomes but social, economic and environmental outcomes it wished to achieve.

### Background

In 2005, a Best Value review of the Council's mental health day centres found that they were not meeting the needs of some of the borough's citizens, such as young people and those from minority ethnic groups. It also found it needed to do more to promote the independence and recovery of services users and involve them more directly in the design and delivery of services. The council therefore decided to re-commission the service.

At the same time, as part of its' place shaping role, Camden decided to develop and pilot a Sustainable Commissioning Model. The model was designed to focus on outcomes and capture the value of those outcomes created by commissioning services at both the service-level and across the wider community including economic, environmental and social outcomes



## Background continued

- Track the value to the service, council and wider public sector of achieving these outcomes

The project also set out to increase opportunities for third sector organisations to engage in the design and delivery of services in Camden and to develop third sector supply side through capacity building and support.

The Holy Cross Centre Trust (HCCT) works alongside over 1400 individuals a year. Its approach is shaped by the belief that the most effective interventions draw on the strengths and assets of services users and the community rather than on professional services and expertise.

## ► How social value was secured

### The tender process

Camden put out to tender, through an open competition, a contract worth £2 million over three years to provide centre-based day support across three of its existing buildings. The tender was commissioned on an outcomes basis. Outcomes reflected social, economic, and environmental concerns for the council, on the basis that each service can play a role in delivering those strategic or high level outcomes. Outcomes were also identified at a service level, such as:

- access to training and employment services, improved physiological well-being, improved physical well-being, reduced stigma and discrimination, increased community participation, and increased social networks.

The outcomes were then incorporated into every stage of the procurement cycle, from pre-qualification questionnaire through to contract award and contract monitoring and evaluation. Bidders were invited to describe the activities and the outputs they believed would create the outcomes that the commissioner was seeking, as well as how the service would meet wider community level outcomes.

HCCT formed a consortium with MIND in Camden and Camden Volunteer Centre to bid for the contract, specifying a range of outcomes and approaches to achieving them, such as the use of peer support networks, instead of professionals, to transfer knowledge and capabilities - devolving responsibility, leadership and authority to service users.

Central to the consortium's approach was 'time banking'. Participants involved in the Time Bank earn credits for engaging with the service and for helping each other.

The consortium was not the cheapest tender on a unit cost basis, but won on the basis of being the most economically advantageous tender due to its combination of price and quality. The commissioners' overall evaluation was that its focus on service-user and community involvement, as well as wider social and economic impacts would create the most positive outcomes and best value for money.

**Contract value:** £2 million

► **What social value was achieved?**

Alongside the service level successes, such as adult education initiatives and work experience opportunities, other outcomes included:

- Involvement of the wider community through the use of volunteers at the Day Care centres
- Active involvement of service users in the design, delivery and evaluation of services
- Catering supplies locally sourced to ensure a 'local spend'
- Support for recycling and cycling initiatives among service users and staff, thus contributing to Camden's environmental objectives

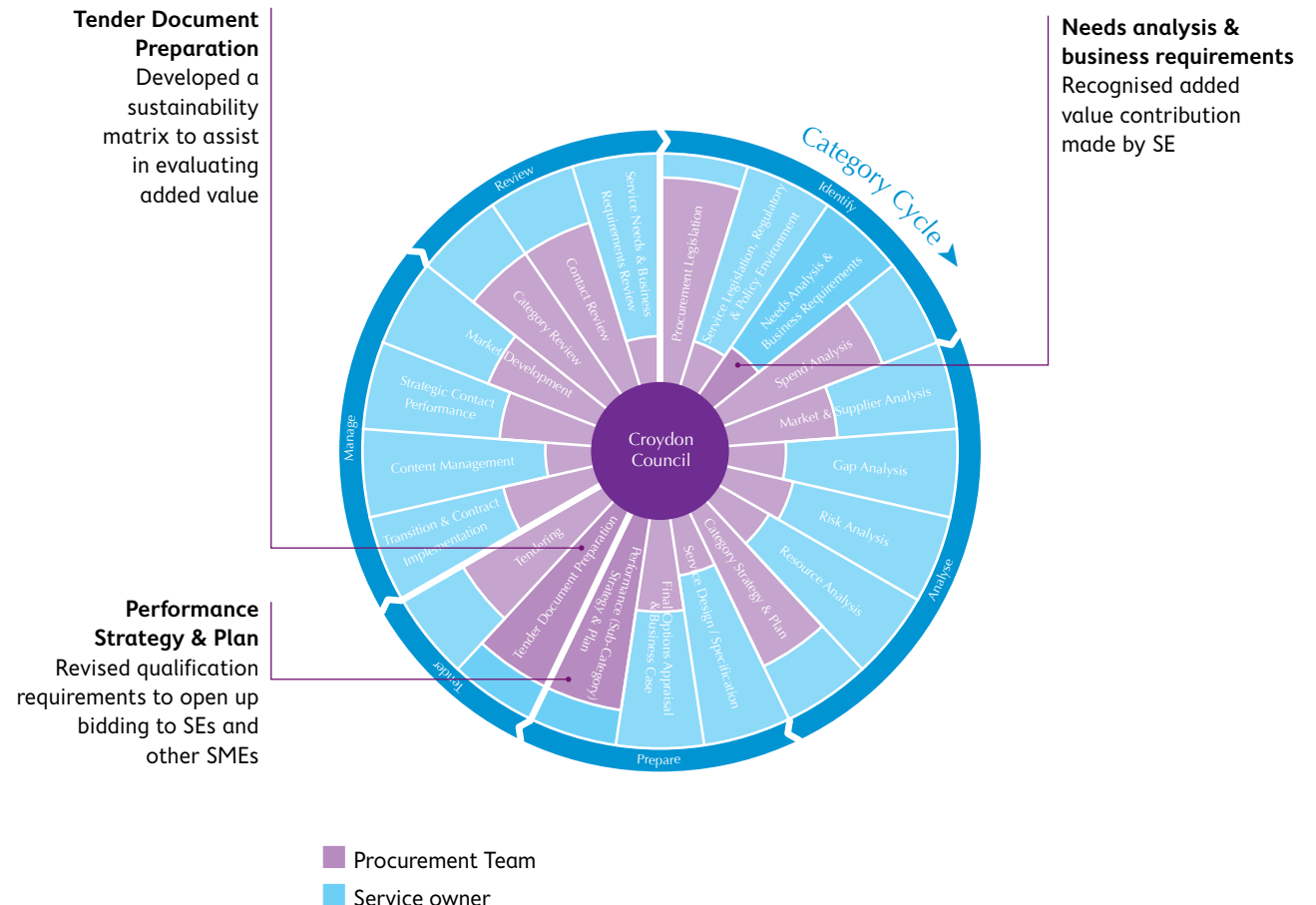


## 6. CASE STUDY: Devon County Council and partner authorities and Mid Devon Community Recycling

Devon County Council and partner authorities addressed the barriers that its procurement requirements posed to SMEs wishing to tender for its recycling services and developed an evaluation matrix that could take account of added value.

### Background

When Devon CC and its partner district and unitary authorities came to re-commission their recycling contract they wanted to ensure that SMEs and social enterprises such as Mid Devon Community Recycling (MDCR) were able to bid. MDCR was founded in 1988 by a group of volunteers to demonstrate the feasibility of recycling and successfully bid for the council's recycling contract in 1992. However despite contract value growth and turnover of £1million MDRC would not qualify to bid because of its limited capital reserves.



### ► How social value was secured

#### The tender process

Devon CC and its partner local authorities recognised the challenges involved in procuring for social benefit, both for commissioners and SME and third sector organisations, who can be either excluded from bidding because of stringent qualification criteria, or deterred by the contract size and tender process. The Commissioners therefore made a number of changes to the process to enable SEs and SMEs to bid, including MDRC.

These included:

- i) The requirements on financial guarantees for large contracts were waived. The Council offset the risk by including a contract clause that enabled the Council to take over MDRC's fleet and equipment and run the service themselves should MDRC fail. MDRC also had an established track record dating back to 1996 which minimised the risk.
- ii) Like many SMEs and Social Enterprises, MDRC has limited capital reserves. This restricts the opportunity to expand its operations by, for example, increasing the size of the fleet. However, the Council felt that this disadvantage was outweighed by MDRC's access to central

government funding to buy the vehicles it required because of their innovative approach to vehicle design.

Devon local authorities and third sector parties also developed guidelines on enabling SMEs and SEs to bid for contracts, along with a sustainability matrix to be used in contract specification and in evaluating added value for waste reuse, recycling and composting services. The aim is to ensure that the added value of SEs and other third sector partners is recognised in the evaluation process.

The matrix is designed to be used as part of the quality schedule. Sustainability accounts for 20 per cent of a 60 per cent quality score with the remaining 40 per cent allocated on price. Bidders are invited to outline what measures they will take, or have in place, to address the different elements of sustainability, although they are not provided with a copy of the matrix in order to differentiate between bidders with a genuine commitment towards delivering social benefit and those who merely wish to tick the boxes.

Although the guidelines recognise that scoring these measures requires a level of 'value judgement' it also encourages the commissioning team to take into account any evidence submitted, assessments of intentions and

track records and any other relevant factors. Commissioners are also encouraged to assess whether the bidder has the required capacity, knowledge, understanding and commitment to deliver the social benefits they propose.

MDRC bid against five commercial multinational companies to win the contract to deliver Mid Devon recycling services for 2006-2013. MDRC was competitive on price and offered a range of social benefits.

### ► What social value was achieved?

As well as delivering a large-scale recycling service MDRC provided a range of community level benefits including:

- Reduced environmental impact e.g. using trucks converted to biodiesel, training drivers in fuel-efficient driving
- Employment opportunities for people with learning disabilities
- Use of a local supply chain

	S	C	O	R	E
	1	2	3	4	5
<b>1. How would you promote recycling and resource management in Devon</b>					
Areas covered include: strategies to raise awareness around recycling and improve participation rates					
<b>2. What is the proposed market destination and end use location of recyclables/materials</b>					
Areas covered include: use of local materials					
<b>3. What measures will you put in place to minimise the impact your contract delivery has on climate change/carbon emissions?</b>					
Covering e.g. vehicle miles, renewable energy, carbon footprint					
<b>4. Describe any community and/ or social benefits that are or would be delivered by your organisation?</b>					
Covering e.g. employment for disadvantage groups, services of benefit to wider community, community involvement, use of volunteers					
<b>5. What benefits will you bring to the economy?</b>					
E.g. Use of local services or local labour, training opportunities					
<b>6. How will your proposals contribute to the wider government national and local strategy and what added value would you bring over and above the contract specification</b>					

The matrix is designed to be used as part of the quality schedule. Sustainability accounts for 20 per cent of a 60 per cent quality score with the remaining 40 per cent allocated on price. Bidders are invited to outline what measures they will take, or have in place, to address the different elements of sustainability, although they are not provided with a copy of the matrix in order to differentiate between bidders with a genuine commitment towards delivering social value and those who merely wish to tick the boxes.

Although the guidelines recognise that scoring these measures requires a level of 'value judgement' it also encourages the commissioning team to take into account any evidence submitted, assessments of intentions and track records and any other relevant factors. For example, some organisations have commissioned Social Return on Investment audits to demonstrate their impact. Commissioners are also encouraged to assess whether the bidder has the required capacity, knowledge, understanding and commitment to deliver the social value they propose.

## Guidelines to procurers (extract)

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### Guideline 1

LAs to consider letting smaller contracts allowing 3rd sector companies with specific expertise to compete and/or breaking contracts down into constituent parts, e.g. plant and labour.

### Guideline 2

Consider letting smaller contracts with less onerous application procedures allowing 3rd sector companies without large contract sections to compete.

### Guideline 3

Consider linking social inclusion budgets with service budgets

### Guideline 5

LAs should consider whether the high level of importance they sometimes attach to a minimum turnover requirement is necessary or relevant. 3rd sector companies are often very small so this criterion is often problematical for them.

### Guideline 8

Consider designing tender documents to include open questions with regard to sustainability with the assessment panel having a comprehensive list (with weighting) of the benefits they would be looking for. These could be adapted to local circumstances to meet local objectives e.g. improved rural access arrangements.

### Guideline 10

Consider making a greater percentage of the quality/price split related to community/environmental added value e.g. of the 70% quality 40% potential to add value. Also consider how to ensure that the awarded points in this area really assesses quality of anticipated service as opposed to eg. financial stability of contractor.

### Guideline 11

Prioritise community/environmental benefits equally with Performance Indicators and other contract objectives.



## 7. CASE STUDY: Cumbria County Council: a Local Authority approach to procuring for social value

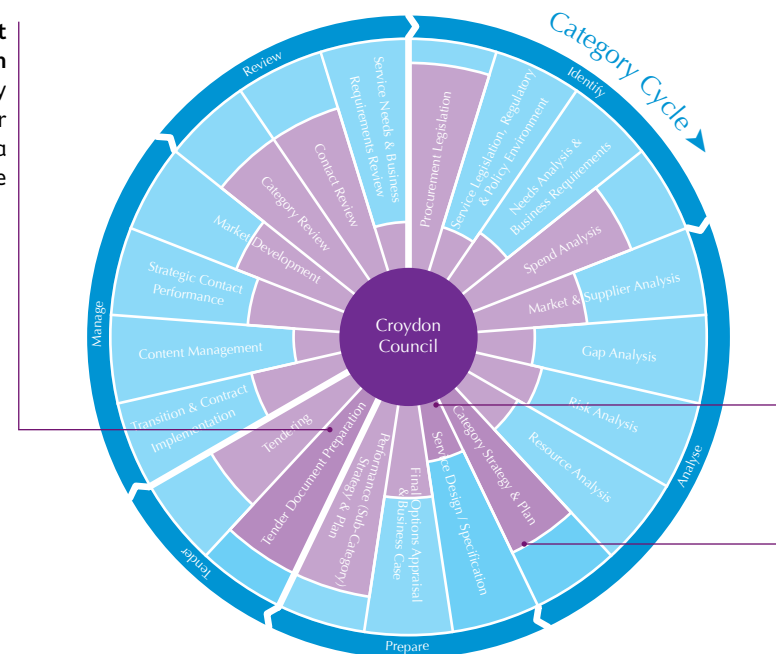
Cumbria County Council illustrates how to develop a Local Authority wide approach to procuring for social value.

### Background

Cumbria County Council has gone further than most Local Authorities in ensuring that it maximises the social, community and economic benefits of all its public sector spending as a matter of course. In 2006 the Council took part in a national pilot by the North East Centre of Excellence and the Office of the Third Sector (Cabinet Office) to look at the wider use of social issues in procurement.

Under this project, the Council aimed to secure social value by ensuring that social clauses were used in every appropriate contract. At the same time the Council worked to increase the third sector's capacity to respond to public sector procurement opportunities. A Third Sector Programme Manager was appointed to lead the work. The appointment has continued after the end of the pilot and the Council continues to strive to ensure its spending delivers social benefit.

**Tender Document Preparation**  
Social value routinely included as tender evaluation criteria where appropriate



**Category Strategy & Plan**  
Service owner to identify opportunities for social value across all service

**Service Design / Specification**  
Social value to be routinely included in contract specifications

■ Procurement Team  
■ Service owner

### ► How social value were secured

#### Approach

1. The Local Authority has a dedicated champion of social procurement whose role is to build up a core of expertise within the Council's Procurement and Community Units and increase awareness across the Council and the wider Cumbrian procurement community on the value and use of social clauses. The long-term aim is that all those involved in service commissioning and procurement recognise the value of a social benefit approach and take responsibility for incorporating it into appropriate contracts.
2. The Council's Contract procedural rules outline an expectation that social clauses will be included in the contract specification where appropriate and the tender specification will include social elements in its evaluation criteria.
3. The Council has a Sustainable Procurement Strategy in place that sets out the nature and grounds of its approach to procurement.

4. It takes an integrated approach to embedding social value. Responsibility for securing social value does not rest with the third sector Programme Manager, or the procurement officers, but involves heads of service, service managers and legal advisors. The findings of the pilot found that taking an integrated approach was crucial to seeing social benefit embedded into contracts, and a key tool for providing procurement officers with the support and encouragement they needed to pursue social benefit.

#### ► Some things to think about ...

Georgina Ternent, Cumbria's Third Sector Programme Manager described some of the issues involved in embedding a social value approach to procurement in a local authority.

*"The first wave of contracts where social clauses have been included have been with third sector providers where services were previously run according to service level agreements and were moved to a contract basis. Working with third*

*sector providers gave plenty of scope to explore social benefit opportunities. The Council is now taking the approach into sectors such as health and social care.*

*Providing 'ready made' clauses doesn't change the culture. What makes the difference is helping procurers and service commissioners understand why it matters and how it is possible and equipping them to adopt the approach as a matter of course when contracts are tendered.*

*Cumbria has used social clauses in a range of contracts, such as: the Local Involvement Network (LINKs) (providing a voice for local people in the design and delivery of health and social care services); reactive maintenance; professional services and school meal contracts."*

Two examples are included on the next page.

## ► Example contracts

### Children's Centres

Cumbria has embedded social clauses into its Children Centre contracts. Social benefit examples include:

- The third sector (i.e. not for profit organisations) support other third sector/ community organisations in receipt of resources (e.g. the Children's Centre using voluntary sector buildings and services)
- Collaborative working with third sector organisations
- Volunteers involved
- Volunteers trained
- Added value– complementary services being delivered to the community in parallel to the contract

Whether service providers deliver these social benefits is assessed as part of the ongoing service monitoring processes. No social benefit data collection procedures have been put in place.

### Money / Debt Advice services

The tender documentation for the Council's Money Advice Services required bidders to demonstrate how they would add value to the contract. This section carried a maximum 10% of total contract score.

#### Tender documentation extract

**Added Value Services** *If there are any added value services you can offer as part of your bid, please include the details in your response. We are particularly interested in seeing volunteers supported as part of the delivery of this contract, demonstration of training/learning, support to third sector organisations and partnerships with third sector organisations.*

**Added value** *will also be considered when assessing offers. For example the number of volunteers who benefit, any training delivered as part of the contract, third sector organisations who receive benefit as part of this contract etc.*

#### Contract Award

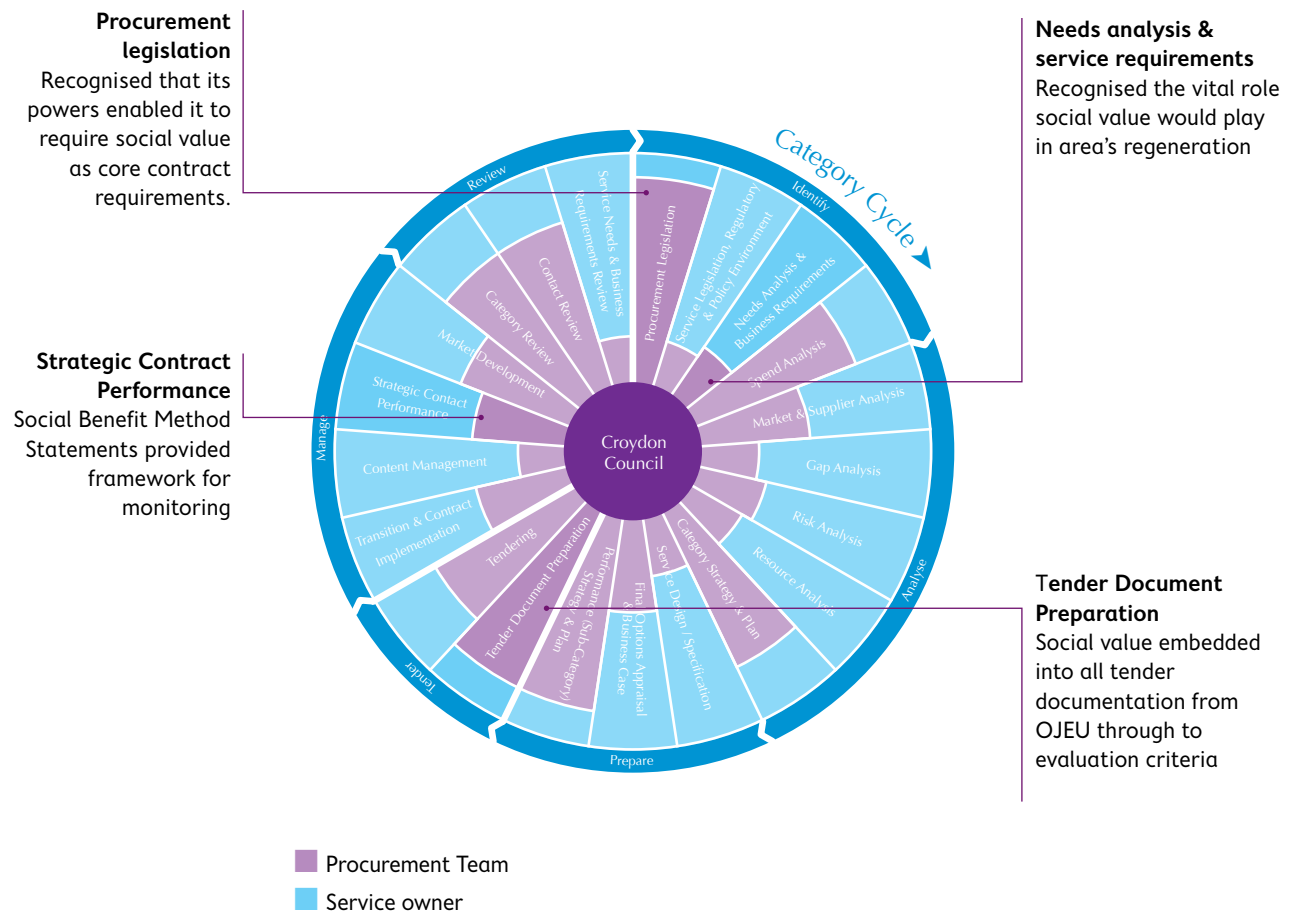
The contract was won by Citizens Advice Cumbria. Volunteers deliver the service and receive training that equips them for paid employment. It uses community venues for outreach delivery.

## 8. CASE STUDY: Raploch URC

Raploch URC's approach to procuring for social value demonstrates what can be achieved when organisations firmly embed social benefit requirements into every stage of the procurement process.

### Background

Raploch is one of the most deprived places in the Forth Valley. Industrial decline saw unemployment rocket to 75%. Raploch Urban Regeneration Company was set up in 2004 to lead the town's regeneration. Because of the dearth of employment opportunities Raploch URC recognised that the town's physical regeneration was inseparable from the need to create local employment and skills opportunities. It therefore pioneered the use of social value clauses to ensure that any contractor or developer would provide a set number of training and employment opportunities over the life of the project. Raploch URC commissioned the R3 consortium to build 900 homes in the area over a ten year period at the same time as delivering a range of social benefits.



## ► How social value was secured

### The tender process

Raploch URC ensured that social benefits were woven throughout the tender process.

**Powers & Policy:** Before its incorporation in 2005 Raploch URC did not have a legal identity separate from its partner bodies. The procurement was therefore undertaken on Raploch URC's behalf by Stirling Council, one of its partners, and social benefits were procured under its powers. These powers included a power to promote or improve the well-being of its area and persons within the area.

### First Notification

The OJEU Notice, at an estimated value of £75m for the works, included the following statement on social value:

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*The partner will be expected to embrace the concept of sustainable development and community benefit and will be required to work with the partners to deliver employment/training opportunities and other Community Benefits.*

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The OJEU made it clear from the start that social value, particularly employment and training opportunities, were central to the development.

### Tender Documentation

The tender documentation continued to emphasise the importance of social value.

**Briefing contractors:** a briefing meeting was held at which Raploch URC highlighted the importance of the social value requirement and gave bidders the chance to clarify any questions.

**The PQQ** included a question about bidders' experiences of delivering social value, including experience of:

- Supporting economic development
- Community consultation/capacity building
- Training and employment opportunities
- Partnership work with local people and other appropriate local agencies

The PQQs were evaluated by a multi-disciplinary panel. The three applicants with the highest scoring responses to the PQQ overall were also the highest scoring in relation to the social value questions and they were invited to tender for the contract.

**Proforma Method Statements** were included in the tender pack. They covered employment, training, equal opportunities, social enterprises and small business. For example, bidders were asked to:

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*Describe the steps that will be taken to ensure that suitable applicants from Employment Connections, Employ Ability Stirling, Job Centre Plus, Triage Central Ltd., Youth Services, Careers Scotland, Breaking the Mould and the Raploch Community Enterprise are interviewed by the prospective employer.*

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This ensured that a range of people were provided with the opportunity to access employment.

Bidders were also asked to demonstrate in their method statement their monitoring and reporting plans for the relevant social benefits as well as how they will ensure sub-contractor compliance, and insurances. These elements look ahead to the monitoring and reporting clauses in the contract.

**A disclaimer** was also included to ensure that Raploch URC could not be held responsible for any failures on behalf of contractors to deliver on the social benefits.

*The inclusion of community benefit requirements does not comprise or imply any promise on the part of the Employer or their agents or the Raploch Partnership (Shadow URC) to provide suitable trainees or labour. Within this context the employer and the Raploch Partnership will work with agencies to help facilitate the achievement of these community benefit requirements.*

**Evaluation Criteria** were clearly specified and included in the tender documentation. The social value scores were weighted as 10% of the overall scores. In view of its priority, the highest weighting was allocated to the training and recruitment elements. The commissioners therefore ensured that these priorities, highlighted at the outset, remained so throughout the tender process.

**Contract clauses** were drawn up using the Method Statement. This ensured that there was continuity between the benefit requirements set out in the OJEU Notice all the way through to the final contract.

The inclusion of **monitoring and reporting method statements** provided a framework for how the social benefits would be monitored.

### ► What social value was delivered?

Through the procurement process the successful developer, R3 (a Cruden Homes/George Wimpey consortium) signed-up to:

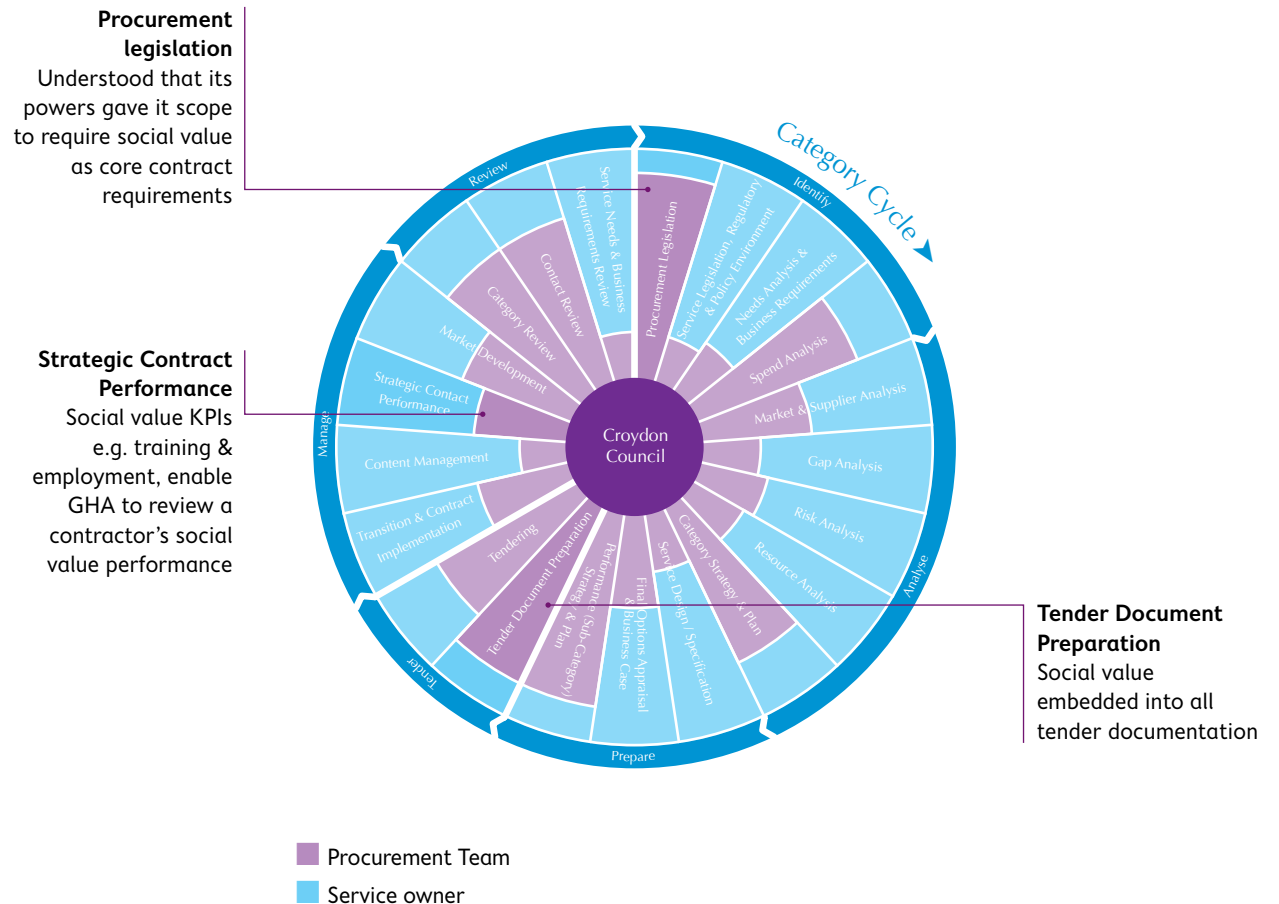
- 225 Training and Employment new entrant places over the 10-year programme;
- Support and mentoring for small businesses;
- Ring-fencing £2 million for suitable sub-contracting works
- Support and mentoring for social enterprises – £900K ring-fenced to take forward projects

## 9. CASE STUDY: Glasgow Housing Association

Like Raploch URC, Glasgow Housing Association achieved significant outcomes by embedding social value requirements in the tender process from the outset.

### Background

Glasgow Housing Association (GHA) is one of the largest social landlords in the UK. It took on Glasgow City's housing stock in 2003, receiving 80,559 housing units. One of the key objectives of the transfer was to secure investment to contribute to area and community regeneration and social inclusion. The initial investment was for £750 million over five years commencing 2005-06.



### ► How social value was secured

#### The tender process

GHA's powers permit it to promote or improve the economic, social or environmental well-being of its residents (or residents and other persons) and the area in which the houses or hostels it provides are situated. It therefore set out its social value expectations at the start of the tender process.

#### OJEU

The OJEU notice included reference to the social value requirements of the contract:

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*“Under this contract/ these contracts, the contractor/supplier will be required to support the awarding authority’s economic and social regeneration objectives. Accordingly, contract performance conditions may relate in particular to social and environmental considerations.”*

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**Tender Documents** continued to highlight its social value requirements.

**i) Briefing contractors:** A ‘contractor’s conference’ was held where bidders heard about the employment and training requirements and had the opportunity to ask questions.

**ii) The PQQ** sought information on bidders; apprenticeship and training activity; recruitment and training of young people; adult returns and the unemployed; willingness to invest in training; the contract monitoring arrangements for training and the person responsible for training in the company. A scoring framework was used to assess responses to the PQQ questions. The training and employment questions carried 10% of the available score to ensure that only contractors with relevant experience were invited to tender.

**iii) A Method Statement** was required from bidders that detailed how they would ensure:

- Every vacancy notified to agencies named by GHA
- 10% of person weeks delivered by new entrants engaged in a training programme
- 5% of person weeks to be available for unwaged work experience placements
- Monitoring and verification procedures
- Provision of reports on performance against stated KPIs

#### Evaluation

A scoring framework was developed and tested. The employment and training method statement section was allocated between 5% and 12.5% of the ‘quality score’, which equated to approximately 1.5% and 3% of the overall scoring framework. Both the PQQ training element and the Tender Method Statement were scored by members of GHA’s Regeneration Team who had a good understanding of construction training and the needs of the target communities.

#### Monitoring

GHA have evolved their monitoring requirements over time to reflect concerns around the time it takes to collect the data, challenges around verifying the data, and ensuring that monitoring systems do not place too much of a burden on contractors.



► **What social value was delivered?**

GHA's social benefits project is seen as the most significant use of employment and training requirements in construction contracts in Britain (Scottish Government, 2008). Over its first 30 months GHA achieved:

- Over 12% of employees were new entrants
- 10,399 person-weeks of apprentices
- 2,642 of person-weeks of training

These results were also cost neutral. The contractors have been required to obtain the resources they needed to meet the employment and training targets by drawing on existing management and supervision, obtaining external funding and encouraging good productivity from trainees. This has meant the recruitment and training outputs are truly 'added-value' as well as social value.



## 10. CASE STUDY: Islington Building Schools for the Future

This case study demonstrates how Islington Council used the Competitive Dialogue Process to secure stretching local social value requirements from its Building Schools for the Future contractors.

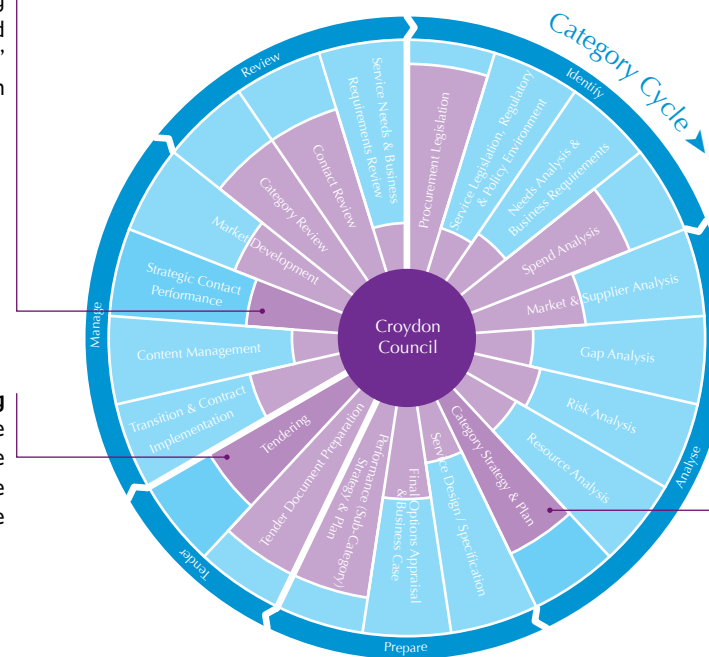
### Background

Islington's Building Schools for the Future (BSF) programme, part of the national BSF programme, was a £140 million, five year scheme to transform eight of the Borough's ten secondary schools, a special educational needs school and a pupil referral unit in to first class learning environments. Islington was keen to take advantage of the BSF programme both to in terms of its education programme and in terms of the wider benefits to the local area.

**Strategic Contract Performance**  
Delivery was assessed against stretching KPIs supported by contractors' senior team

**Tendering**  
Made use of the Competitive Dialogue process to secure maximum social value

**Category Strategy & Plan**  
Identified the potential social value that could be secured through BSF and ensured that procurement obtained them



- Procurement Team
- Service owner

## ► How social value was secured

### The tender process

#### OJEU and Pre-Qualification

The OJEU was designed as broadly as possible to cover a range of activities. Potential bidders submitted a Pre-Qualification Questionnaire which was assessed according to the potential contractors' economic and financial standing and technical capacity and ability of the bidders, with specific reference to partnering experience.

#### Competitive Dialogue

Pre-qualified bidders were invited to enter into a competitive dialogue process which involved discussions concerning bidders' proposed solutions to the local authority and schools' requirements for all aspects of BSF.

During the competitive dialogue process bidders were encouraged to offer the social benefits that they felt best suited the project and the Authority's needs and requirements. They were not pre-specified but were covered in Section D 'other'. This ensured that the sector offered maximum social benefits in order to secure a competitive advantage over rival bidders.

#### Contract

Once agreed, the social benefits were captured in Schedule 14 of the Project Agreement, which was developed iteratively with the private sector and contractors.

Balfour Beatty construction as the main contractor and their supply chain were required to finance all their own training.

#### Implementation and monitoring

All senior members of the construction team, from commercial managers through site managers to engineering project managers were committed to and involved in achieving the social benefit requirements.

## ► What social value was delivered?

In the construction element the Bidder was required to achieve:

- 50 unskilled workers accessing construction skills training per year – 50% of whom will be either Islington residents or from adjoining boroughs and from an unemployed background

- 28 learners moving into apprenticeships will be provided for phase 1 schools managed by LBI Construction works Project and completed by phase 3
  - 600 unskilled workers to have access to construction skills training over the life of the project per year until the completion of phase 3
  - 15 experienced workers to gain an NVQ 3 per year
  - 500 up skilled workers gaining a qualification over the life of the project (indicative target of 120 per year over 5yrs)
- In building services the contract required:
- 20 trade apprentices in total over the three phases of the project.

## Who can I contact for more information?

If you would like further information on this strategy please e-mail: [commissioning@croydon.gov.uk](mailto:commissioning@croydon.gov.uk)  
To speak to someone please call **020 8726 6000** and ask for the Commissioning and Procurement Team.