

**Appendix**



**Report of the Overview and  
Scrutiny Committee**

**January 2015**

**Scrutiny Panel – Social Value**

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## **Chair's Foreword**

The importance of social value in the commissioning process has never been greater or more widely recognised. At a time when budgets are under constant pressure, it is even more critical to remember that the lowest offer is not necessarily the best one and that worth cannot be judged on price alone.

Social value brings other considerations to the table, among them the extra benefits it delivers through investment and jobs in local communities by using local providers, for example, rather than national organisations with little knowledge of our city and whose main interest is the bottom line rather than the service provided.

In this context, the Social Value scrutiny was set up to look at the ways in which Brighton & Hove City Council already uses social value in commissioning some of its services and to study the best practice of other organisations. We discovered that a great deal of work has already been done in some corners of the council and in other places. We have drawn on that work in producing this report, which calls for a more uniform, transparent and measurable use of social value across all the council's services.

My thanks to the other panel members, Cllr Anne Meadows and Cllr Dee Simson, for their ideas and their contribution to the discussions. It's fair to say there is a great deal of common ground and enthusiasm among all of us for the wider use of social value as a commissioning tool and the role it can play in building a fairer and stronger city. I am also grateful to the many individuals and organisations who gave evidence to the scrutiny. We have benefited greatly from their experience and expertise.

Very importantly, I must thank Julia Riches, Acting Senior Overview and Scrutiny Officer, who has done such a very good job on producing this important scrutiny report in a very tight timeframe.

**Cllr Bill Randall**

## Executive Summary

The Public Services (Social Value) Act 2013<sup>1</sup> set a legal requirement on public bodies to consider economic, environmental and social benefits when procuring services. As a commissioning body, Brighton & Hove City Council already has some good examples of using social value. However, there is no clear statement, framework or agreed definitions of what social value means to the council.

There is already a substantial body of research into social value, what it means and how it can be used. The Panel had no desire to replicate work or to undertake an academic exercise into what is meant by social value. Rather it tasked itself with taking a quick 'snapshot' of what is happening in the council (and to a limited extent its partners), to emphasis best practise, and to make suggestions for the way forward.

In these times of financial constraints, the Panel believes that the Social Value Act needs to be viewed as a tool to facilitate discussions with other organisations in the city on how to provide the best services possible - with enhanced benefits for individuals and communities locally. Within the context of challenging finances, finding innovative ways to build social benefits into services as well as delivering value for money becomes even more pressing.

The Panel is very aware of the fiscal challenges ahead - and the need for robust business cases - but they are strongly of the view that this does not conflict with the concept of social value. Using social value as a tool to lever in extra benefits wherever possible – be that in terms of more apprenticeships or reducing social isolation in elderly people in the city or using local suppliers – should be seen as an integral part of procurement.

If social value is to be worth anything, it must be unambiguous: deliverable, measureable and verifiable. There is some way to go before the council is in this position. A clear statement of what social value means to the Brighton & Hove City Council needs to be made and work undertaken to set out how to embed social value as a 'golden thread' throughout the procurement and commissioning processes. Social value can only be a meaningful aspect of the procurement and commissioning process if it is clearly defined and there is measurable evidence of the impact.

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<sup>1</sup> Known as the Social Value Act

## Background to the Panel

- 1.1 The initial request for a Scrutiny Panel to look at the implementation of the Public Services (Social Value) Act 2012<sup>2</sup> came from the Community and Voluntary Sector Forum (now known as Community Works).
- 1.2 The Panel comprised Councillor Bill Randall (Chair), Councillor Anne Meadows and Councillor Dee Simson. (Councillor Christina Summers took part in the initial scoping meeting but pressure of work meant she then stepped down as a Panel member). They set their terms of reference as:

*“In light of the Social Value Act, to consider what social value means to B&HCC, what best practice exists, and how to put the Act to best use in procurement and commissioning.”*

## Public Services (Social Value) Act 2012

- 2.1 The Public Services (Social Value) Act 2012 (referred to as the Social Value Act) received Royal Assent on 8 March 2012 and came into force on 31 January 2013. It is described as:

*“An Act to require public authorities to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes.”<sup>3</sup>*

- 2.2 In essence, the Act requires public sector agencies, when commissioning a public service, to *consider* how the service they are procuring could bring added economic, environmental and social benefits.<sup>4</sup> When considering this, the authority must only consider matters which are relevant to what is proposed to be procured and:

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<sup>2</sup> Hereafter known as the Social Value Act

<sup>3</sup> <http://www.legislation.gov.uk/ukpga/2012/3/data.pdf>

<sup>4</sup> The duties apply only to public services contracts and framework agreements which are subject to the Public Contracts Regulations 2006. The duties do not apply to contracts which are not covered by the public procurement rules, including contracts with a value below the relevant threshold. The Act applies to public service contracts and those public services contracts with only an element of goods or works over the EU threshold. This currently stands at £113,057 for central government and £173,934 for other public bodies. This includes all public service markets, from health and housing to transport and waste. Commissioners will be required to factor social value in at the pre-procurement phase, allowing them to embed social value in the design of the service from the outset

*“The authority must also consider those matters to the extent to which it is proportionate, in all the circumstances, to take those matters into account”.*<sup>5</sup>

2.3 Whilst this report is considering social value, it is important to emphasise that it is one of three benefits that should be considered (alongside economic and environmental benefits). It is also important to note that this Act is one of a number of pieces of legislation and guidance on considering social value in commissioning, including EU procurement law and the Duty of Best Value.<sup>6</sup>

2.4 The Government’s advice for commissioners and procurement officers states that the Social Value Act applies to the pre-procurement stage of contracts for services *“because that is where social value can be considered to greatest effect”*. The advice given says:

*“Commissioners should consider social value before the procurement starts because that can inform the whole shape of the procurement approach and the design of the services required. Commissioners can use the Act to re-think outcomes and the types of services to commission before starting the procurement process.”*<sup>7</sup>

2.5 The Panel understand that social value is one of three benefits that should be considered under the Social Value Act. This report is looking explicitly at the social value aspect but the other aspects could be areas for detailed consideration in the future.

**Recommendation 1: The Panel recommends that wherever services are procured and commissioned by the council, a clear mission statement is made at the very start of the process that social value is a key underpinning principle.**

2.6 There is a body of work looking at what social value is, what definition should be used and how it can be monitored and measured: some local authorities have done a considerable amount of work in this area. This report draws on this work and has no desire to suggest anyone ‘reinvents the wheel’. Although Brighton & Hove City Council (B&HCC) is not at the forefront of work on social value, there are pockets of best practice to be shared.

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<sup>5</sup> Procurement Policy Note – The Public Services (Social Value) Act 2012 – advice for commissioners and procurers. Information Note 10/12 20 December 2012

<sup>6</sup> The Local Government Act of 1999 sets out a general Duty of Best Value for specified local government organisations to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”

<sup>7</sup> Procurement Policy Note – The Public Services (Social Value) Act 2012 – advice for commissioners and procurers. Information Note 10/12 20 December 2012

- 2.7 It is worth highlighting that as the Panel was going through this process, the Government announced a review of the Social Value Act. The review is looking at whether the Act should be extended to cover contracts for goods and services and how it may be extended in a way that continues to support small businesses and voluntary, charity and social enterprise (VCSE) organisations to bid for public contracts. It intends to report early in 2015.<sup>8</sup> This is an opportune time for B&HCC to take check where it is in terms of social value and to learn from other local authorities.

## What do we mean by social value?

- 3.1 The Social Value Act and associated guidance deliberately does not define social value. The *Public Services (Social Value) Act 2012: One Year One* states that:

*“We have deliberately avoided prescriptive guidance or instruction from Whitehall .... For commissioners to consider the added social value they could achieve when commissioning services, and to do so in a way that goes beyond ‘ticking the box’, we will need culture change and local leadership rather than instruction from the centre.”<sup>9</sup>*

- 3.2 Brighton & Hove City Council has not chosen to date to adopt a single definition of social value but the Panel believe it would be helpful to do so. Community Works told us:

*“the lack of a clear local definition or principles around social value is confusing and it would be helpful to have a clearer idea of what social value is.”<sup>10</sup>*

- 3.3 Geoff Raw, Executive Director Environment, Development and Housing, whilst discussing the need for robust business cases noted that: *“there needs to be a calculation and a clear definition of social value.”<sup>11</sup>*

- 3.4 Whilst the Panel understand the difficulties around defining social value, it would be useful to come to a clear definition of what, as a council and a city, we mean by social value. Working with partner organisations, including the voluntary and community sector and the Clinical Commissioning Group (CCG), the council should agree a broad definition of social value that can be used across the organisation. **Reaching a definition of social value is a key first step in understanding how best to deliver social value.**

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<sup>8</sup> Lord Young, the Prime Minister’s Advisor on Enterprise will lead a review of the Social Value Act

<sup>9</sup> *The Public Services (Social Value) Act 2012: One Year One. January 2014*

<sup>10</sup> Minutes 18 September 2014

<sup>11</sup> Minutes 4 September 2014



3.5 There are a number of definitions already in use – some of these are listed at the end of this report.<sup>12</sup> The Panel felt the following definition of social value was very clear and should be considered by Brighton & Hove City Council:

*“Social value is the additional benefit to the community from a commissioning/ procurement process over and above the direct purchasing of goods, services and outcomes.”<sup>13</sup>*

**Recommendation 2: The Panel recommends that Brighton & Hove City Council adopts a definition of social value. The following definition is suggested:**

***“Social value is the additional benefit to the community from a commissioning/ procurement process over and above the direct purchasing of goods, services and outcomes.”<sup>14</sup>***

3.6 It is important that social value is an integral part of the procurement and commissioning process: making a clear statement of what is meant by social value is key to this. The Panel would also suggest that for each procurement or contract it is clearly stated what social value would look like for that contract. The social value aspect of the procurement must come from both those commissioning the service and those tendering for the contract. It is important that there is a partnership between those procuring services and those tendering for services that will foster innovation.

3.7 Community Works noted that:

*“It feels like there is confusion around language and terminology amongst all sectors in the sphere of social value.”*

3.8 The Panel agree that there are a number of different terms used for what is often the same or a very similar thing and it would be helpful to set out exactly what is meant by each term. Social value, social capital, and social return on investment are but a few of the terms used but not easily differentiated. The procurement team already do this to a certain degree so it would be relatively straight forward to add to this list – and disseminate it more widely. Common

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<sup>12</sup> See Glossary p31

<sup>13</sup> From the NHS North West <http://www.vsnw.org.uk/files/Social%20Value%20Summary%20Easy%20Read%20-%20NHS.pdf>

<sup>14</sup> From the NHS North West <http://www.vsnw.org.uk/files/Social%20Value%20Summary%20Easy%20Read%20-%20NHS.pdf>

language and terminology would aid the process of embedding the concept of social value into existing practices.

**Recommendation 3: The Panel recommends that a glossary of terms used in social value, commissioning and procurement should be devised and publicised. This glossary should draw together all currently used terms and put them in one easily accessible place.**

## **The national picture**

4.1 A survey carried out by the Social Value Portal in July 2014 shows that fewer than 30% of local authorities have a policy in place to guide procurement and contracting teams, and some are unaware of the Act altogether. Only 28% of local authorities have actually developed a social value strategy with the vast majority (72%) either still developing or having not yet developed a strategy.<sup>15</sup> In addition, a report by the Sustainable Business Partnership states that business is generally finding that the way in the which the Act is being applied is inconsistent amongst local authorities and that there is little agreement on terminology, reporting standards or bid requirements:

*“This is ultimately leading to frustration and additional bespoke work for each submission.”<sup>16</sup>*

4.2 The Social Value Portal survey concluded that whilst there was good awareness of the Act amongst local authorities, there was a requirement for much more guidance around some of the key implementation issues such as measurement techniques, procurement and bid guidance, and legal issues. The issue of guidance is likely to be addressed by Lord Young’s review of the Social Value Act.

4.3 The Panel suggests that, in a current national vacuum, it is even more important that B&HCC work with their partners to rise to the challenge of social value and provide clear and unambiguous guidance on what is meant by social value and how it will be measured.

## **Social Value in Brighton & Hove City Council procurement and commissioning**

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<sup>15</sup> <http://socialvalueportal.com/wp-content/uploads/2014/10/Social-Value-Portal-Local-Authority-Survey-160914.pdf>

<sup>16</sup> *Doing Good is Good Business* Roundtable. Public Services (Social Value) act – Review and Cross Party Recommendations. Sustainable Business Partnership July 2014

- 5.1 Brighton & Hove City Council's Corporate Procurement Strategy 2014-2017 sets out the council's strategic framework for procurement. It states:

*"Responsible procurement is the purchase of goods, works and services in an environmentally and socially responsible way that also delivers value for money. It will assist the council in delivering improved social and environmental wellbeing in the local community.*

*A major aim is to improve accessibility for local businesses and SMEs when tendering for contracts. This will be achieved by ensuring full adoption and implementation of the Public Services (Social Value) Act 2012 through the Commissioning and Procurement process."*<sup>17</sup>

- 5.2 Andy Witham, Category Manager for Adult Social Care, Corporate Procurement, B&HCC, told the Panel that social value can be built into the process either as part of the evaluation process, or through the contract management approach. If social value is deemed a core requirement, it is built into a contract, if not it can be contracted managed at the end – or both.

- 5.3 In a paper submitted to the Panel it states:

*"The key to successfully delivering additional social benefit through the commissioning or procurement process is ensuring that social value 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)."*

- 5.4 It goes on to say:

*"Whether the council is using social value in the award criteria or through performance and contract management, it is important that suppliers are fully aware of the importance the council places on social value and how this will be delivered through the contract. It will still be necessary to inform bidders of the role of social value from the outset to ensure they are capable of making an informed judgement of whether to take part in the process."*<sup>18</sup>

- 5.5 B&HCC has a Sustainable Procurement Toolkit that defines sustainable procurement as:

*"Sustainable procurement broadens the typical criteria of price and quality to take into account social, economic and environmental factors."*<sup>19</sup>

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<sup>17</sup> Corporate Procurement Strategy 2014-2017 p3

<sup>18</sup> Paper from Corporate Procurement

<sup>19</sup> Brighton & Hove Sustainable Procurement Toolkit p5

## **The ‘prospectus’ approach to commissioning**

- 6.1 The Panel heard that there were a few examples where social value had been incorporated into commissioning services. In particular, certain contracts have been awarded using the ‘prospectus’ approach to commissioning services. The prospectus approach is focussed on the delivery of outcome-based services and is intended to foster the involvement of the voluntary and community sector in developing sustainable and innovative models of service delivery.
- 6.2 Whereas in traditional procurement, weighting is usually divided between quality and cost components, a prospectus approach includes the dimension of “social capital” to support the evaluation process. This includes how organisations can promote choice and control for local people, capitalise on the connections among people and their social networks, build collaboration and demonstrate how a thriving voluntary and community sector can best support people to improve their lives.

### **Adult social care prospectus commissioning**

- 6.3 The first prospectus commissioning undertaken by B&HCC was in May 2012 for mental health services and carer services (often called the May 2012 Prospectus). It involved the Brighton & Hove Clinical Commissioning Group (CCG) and B&HCC jointly re-commissioning services. In May 2013 a further adult social care Commissioning Prospectus covered four areas: advocacy services, activities for older people, a city-wide co-ordination function, and psychosocial support in Black and Minority Ethnic communities (referred to as the May 2013 Prospectus.)
- 6.4 Judith Cooper, Contracts Manager, Adult Social Care, explained to the Panel that the 2012 Prospectus was a new way of working and inevitably they were on a learning curve. One example of this learning was that in the 2012 Prospectus they had service users and lay people on a panel which was specifically asked to consider the two social value questions. A different set of people looked at the questions on price and quality. The following year, when the prospectus approach was used, the same people looked at all questions. The Brighton & Hove Community and Voluntary Sector (CVSF)<sup>20</sup> worked with the council during the process – and to provide feedback on what areas they felt worked and could be improved.

- 6.5 The May 2013 Commissioning Prospectus sets out its key aims as:

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<sup>20</sup> Now known as B&H Community Works

*“To commission services that: improve the lives of local people; develop partnership arrangements; ensure that local people have choice and control over the services they need.”<sup>21</sup>*

6.6 It also states:

*“We seek to improve the capacity we have to meet emerging need in the city through recognising, valuing and building on our wealth of social capital. Consequently, whilst funding applications will still be evaluated against value for money and quality criteria they will also be critically measured in terms of the contribution they will make to building social capital in the city.”<sup>22</sup>*

6.7 Social Capital is defined in the Prospectus as:

*“the connections among people and their social networks; a willingness to do things for each other and a sense of trust coming from this.”<sup>23</sup>*

6.8 The Prospectus approach used 30% price, 30% quality and 30% social value as determining criteria. It was also a two-way process which gave applicants the opportunity to ask questions and re-submit applications.

The prospectus approach is evolving and following comments and feedback, particularly from the CVSF, the May 2013 approach contained structured questions (such as: how will your proposal contribute to social value development in Brighton & Hove?) followed by a hint section suggesting how this may occur (for example, by using community networks).

Part of this evolution shows that, in hindsight, contract management was not well followed through in the early use of the prospectus approach. As Judith Cooper noted:

*“We can ask people to explain the services they offer and can assess this. The problem is when a service is up and running how do you maintain the golden thread of social value? This is a real issue going forward.”<sup>24</sup>*

6.9 Debbie Greening, Commissioning Manager, B&HCC explained:

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<sup>21</sup> Commissioning Prospectus May 2013, p4

<sup>22</sup> Commissioning Prospectus May 2013 p4

<sup>23</sup> p5

<sup>24</sup> Minutes 4 September 2014

*“There can be misunderstandings around social value and how it is measured but this is part of the learning... There is a huge emphasis on developing partnerships and identifying gaps and sensible synergies.”<sup>25</sup>*

- 6.10 In a report produced by Collaborate and the Transition Institute, the comment is made that:

*“.. acting on social value should feel like a challenge to us all. This is because at root, the very idea requires us to look outside of the service lens, beyond our current roles and responsibilities, and ask whether we truly understand the lives of citizens.”<sup>26</sup>*

### **Communities and Third Sector Prospectus**

- 6.11 Michelle Pooley, Community Engagement Co-ordinator B&HCC told the Panel that :

*“most of our work with the voluntary sector is built on the idea of social value. Much of the work in commissioning is about social value.”<sup>27</sup>*

- 6.12 The most recent piece of work is the B&HCC Communities and Third Sector Prospectus which built on the learning from the Adult Social Care Prospectuses of 2012 and 2013. It also states:

*“.. whilst funding applications will still be evaluated against value for money and quality criteria, they will also be critically measured in terms of the contribution they will make to social value in the city.”*

The Glossary in the Prospectus states:

*“Social value – the National Association of Voluntary and Community Action (NAVCA) notes social value is about maximising the impact of public expenditure to get the best possible outcomes, considering more than the financial transaction. It includes, but certainly isn’t limited to: happiness, wellbeing, health, inclusion, and empowerment. These types of value often accrue to different people, communities, government departments or organisations and are not always easy to measure.”<sup>28</sup>*

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<sup>25</sup> Minutes 18 September 2014

<sup>26</sup> *Social Value: A commissioning framework. Pt 1: Lessons from Lambeth.* Toby Blume and Anna Randle. Collaborate is a CIC based at London South Bank University that promotes effective and sustainable collaboration between the public, business and social sectors. The Transition Institute’s mission is to support a growing network of people involved in forming new models of public service organisations.

<sup>27</sup> Minutes 18 September 2014

<sup>28</sup> Brighton & Hove City Council Communities & Third Sector Commissioning Prospectus p32

- 6.13 Social Value is weighted at 30% and asks the question “How will your proposal contribute to developing social value in Brighton & Hove?” The appraisal criteria states:

*“Is there evidence that use of the following local social value elements would add value to the project: knowledge and experience; community engagement structures; beneficiary accountable structures, for example, resident/service user led groups and organisations; networks; volunteers; access points or bases etc; local employment opportunities.”<sup>29</sup>*

### **Other examples using social value in commissioning**

- 6.14 A further example of commissioning a service that included social value is the Shared Lives and Kinship services contract which set the assessment criteria as 35% price, 35% quality, and 30% social capital. Within the social capital weighting it was divided into two criteria: favouring mutually supportive relationships in the community (15%); and promoting social cooperation in Brighton and Hove (15%).<sup>30</sup>

- 6.15 The Panel recognise that there are examples in the council of using social value that are not ‘branded’ as such. James Cryer, Partnership Manager at Mears told the Panel about their successful apprenticeship scheme. This was built into the housing repairs and maintenance contract that Mears has with the council. The contract included 200 apprenticeships over the 10 year lifetime of the contract. The contract is currently at year 4 and to date 80 people have completed, or are on, an apprenticeship. 29 have been retained and 2 were offered jobs by sub-contractors.<sup>31</sup> The Mears contract is a good example of a large contract embracing social value at its core with positive, measurable results.

- 6.16 Another example is the One Planet Living policy.<sup>32</sup> The foreword to the Brighton & Hove Sustainability Action Plan states:

*“However One Planet Living also incorporates social and economic sustainability - such as sustainable materials, local food, water use, culture and community, equity and the local economy, and health and happiness. It’s a clear framework that we can use to build on the progress that’s already*

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<sup>29</sup> Brighton & Hove Communities and Third Sector Prospectus Application Form

<sup>30</sup> Shared Lives (Tender Contract) report to Policy & Resources Committee 11 July 2014

<sup>31</sup> Minutes 4 September 2014

<sup>32</sup> Minutes 4 September 2014

*been made towards sustainability - and use to set out ambitious goals to go even further.”<sup>33</sup>*

**Recommendation 4: The Panel recognise that there are examples of good practice using social value in the council and suggest these should be highlighted so others can learn from them.**

6.17 Nonetheless, the Panel feel there is more that the council should be doing to embed the concept of social value. As Andy Witham, Category Manager for Adult Social Care, Corporate Procurement, B&HCC, told the Panel:

*“There is more we could be doing, including looking at what social value means to the city. As a team and with commissioners they need to work to see how social value can link into the corporate priorities – how to get the ‘golden thread’ running through the council.”<sup>34</sup>*

6.18 The Panel is of the view that that social value has an important role to play in procurement and commissioning in Brighton & Hove City Council. There is no doubt that some of this work is being done, but it is in isolated pockets around the council and more must be done. The council needs to ensure that all staff commissioning and procuring services have a clear understanding and awareness of what social value means to the council and how it can be used to meet the council’s priorities. With a unified vision of how social value can potentially be used meet key corporate priorities, further innovative ways of providing services within diminishing resources may be unlocked.

6.19 As part of this process, B&HCC must state clearly what social value means for it and what organisations need to provide in terms of social value. It is the council’s definition that service providers will need to meet – rather than organisations telling the council what social value they will deliver.

The council must also be very clear that social value will be embedded in in-house services wherever possible: it is not only something that is expected from outside suppliers.

**Recommendation 5: The council must make a clear statement on the importance of social value and ensure that all staff commissioning and procuring services have the necessary understanding and tools to ensure social value is clearly examined and quantified.**

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<sup>33</sup> <http://www.brighton-hove.gov.uk/sites/brighton-hove.gov.uk/files/PandR%20version%20OPL%20SAP%283%29%20with%20Forewords.pdf>

<sup>34</sup> Mins 4 September 2014



**Recommendation 6: The Panel recommends that a task and finish group is set up, consisting of procurement officers, commissioners and partners to look at what steps need to be taken to ensure social value is embedded across all council processes. In addition, this must be directly linked to B&HCC corporate priorities.**

#### **Other initiatives**

- 6.20 James Cryer, Partnership Manager, Mears also informed the Panel about a range of other initiatives Mears run, for example, there is a Key Performance Indicator on 'serving our community' so each person has 2 days paid work in the community; 'Mini Mears' is a scheme to talk to children about work and what they would like to do; and work has been undertaken to renovate Moulscroomb Boxing Club.<sup>35</sup>
- 6.21 The Panel was interested to hear about Mears's community work and would like to see this applauded. It led the Panel to discuss how much such existing initiatives – and those undertaken by other organisations in the city – could be built on. The Panel suggest that conversations should take place to discuss how such initiatives and social value already being undertaken by other organisations can be unified and brought under one strategic framework that directs social benefits to areas of greatest need. Whilst this is no doubt a huge undertaking, it is worth exploring if it is possible to have a city-wide approach to harnessing the valuable work already underway by partners such as Mears.
- 6.22 In short, whilst in no way denigrating the community and social work undertaken by many organisations in the city – both companies and community and voluntary organisations - the Panel feels that in this time of diminishing resources, steps should be taken to look at what the council's key priorities and areas of need are and look at how to dovetail activities with areas of need. To be truly effective, social value needs to have a 'whole city approach' – with clear targets.
- 6.23 It is important to avoid duplication and to align actions and social value as far as possible. In order to do so, it is necessary to have a clear understanding of what is currently happening and how these actions can be co-ordinated to fit into wider priorities.

**Recommendation 7: The Panel recommends that existing community and social value work undertaken by partners and organisations in the city should be identified where possible. As this is a large piece of work, B&HCC should consider working in partnership with others, for example the universities, to undertake this project.**

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<sup>35</sup> Mins 4 September 2014

## Social value weighting

- 7.1 There is currently no consistency in the weighting of social value. Caroline Ridley of Impact Initiatives told the Panel:

*“...the older people’s contract for St John’s weighted social capital at 18%; the Youth Collective contract weighted social capital at 22% and in some cases it is up to 30%. The current proposal for supported housing for vulnerable young men does not weight social value/capital at all.”<sup>36</sup>*

- 7.2 Community Works noted:

*“We believe weighting social value within commissioning and procurement processes is a significant nut to crack. Particularly whether it is expected to be included in each contract, whether it is prescribed centrally or on a contract by contract basis.”<sup>37</sup>*

- 7.3 As the Clinical Commissioning Group (CCG) pointed out, (see page 22 for further information) it is imperative that social value is defined early on in a contract and it weighted accordingly. Geraldine Hoban, Chief Operating Officer of CCG said:

*“The weighting of social value can change – it was 20% in MSK but it is likely to be 30% in mental health services but 14% in dermatology.”<sup>38</sup>*

- 7.4 In addition, it must be noted that there are benefits to contractors and potential contractors if they can show how they are ‘adding value’ in service provision. James Cryer of Mears explained that as part of the quality scoring process, contractors can distinguish themselves by added value such as apprenticeships.

- 7.5 It is important to state clearly at the start of the procurement process what weighting is given to each aspect of the criteria. The minimum figure of 20% for social value has been suggested to the Panel. However, whilst the Panel feels this would be an appropriate level, it does not wish to be too prescriptive by setting a minimum, and the Panel would rather highlight the importance of clearly including social value within the weighting system.

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<sup>36</sup> Minutes 18 September 2014

<sup>37</sup> Community Works paper p5

<sup>38</sup> Minutes 18 September 2014 (MSK - musculoskeletal)

**Recommendation 8: The Panel recommends that a social value weighting is clearly stated for economic, social and environmental wellbeing. As part of this, an explanation of what weighting is given and the reasons behind this should be provided for each service.**

## **Measuring social value**

8.1 The Panel is very aware of the problems around measurement of social value: nonetheless measurement is crucial. There are a number of different tools for measuring social value. The New Economics Foundation devised a Social Return on Investment (SRI) tool that uses proxy measures and matches an outcome with a proxy measure with a monetary value. In the housing sector, HACT has produced a guide that uses a bank of values they call the Social Value Bank which works alongside a Social Value Calculator to produce an Impact Valuation Statement that declares “the social impact of your community investment activities.”<sup>39</sup> This uses “Wellbeing Valuation” which

*“allows you to measure the success of a social intervention by how much it increases people’s wellbeing.”<sup>40</sup>*

8.2 Value for money is the key driver in decisions today. Social value can only reach its potential if it can be shown that it delivers a measureable value and that the benefits can be proven (not postulated). The outcomes achieved must also be outcomes the council desires or needs to provide.

Many witnesses reiterated this:

8.3 Geoff Raw, Executive Director, Environment, Development & Housing gave the example that exploring more neighbourhood governance means being clear on what social value is and what the expectation is. He said:

*“There needs to be a calculation and a clear definition of social value. As council spending decreases, community involvement will increase.”<sup>41</sup>*

He also told the Panel “a lack of a clear framework makes it difficult to measure”.<sup>42</sup>

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<sup>39</sup> *Measuring the Social Impact of Community Investment: A Guide to using the Wellbeing Valuation Approach* – HACT (HACT is a charity, social enterprise and industry-focused think/do tank established by the housing association sector.)

<sup>40</sup> *Measuring the Social Impact of Community Investment: A Guide to using the Wellbeing Valuation Approach* – HACT p6

<sup>41</sup> Minutes 4 September 2014

<sup>42</sup> Minutes 4 September 2014

- 8.4 In a paper submitted to the Panel by Michelle Pooley, Community Engagement Co-ordinator and Sam Warren, City Neighbourhood Co-ordinator, B&HCC it states:

*“Currently it would appear that some procurement and commissioning is embedding social value into contracts but this is not constant across B&HCC and it is not always explicit. In addition, the social value is not always captured and measured once the contract is in place and delivering therefore we have no clear understanding of the impact.”<sup>43</sup>*

- 8.5 Debbie Greening, Commissioning Manager, B&HCC explained that the Prospectus approach:

*“was a successful piece of procurement work but we weren’t good at measuring outcomes and social value as there wasn’t the tools to do so. A toolkit would be very helpful and welcome and social value is a principle all commissioners support.”<sup>44</sup>*

- 8.6 There is some work underway: a performance management framework is being developed and the ASC Prospectus is looking at measuring social value.<sup>45</sup>

- 8.7 Annie Alexander, Public Health Programme Manager, B&HCC noted that:

*“There are a number of different tools for measuring social value and the council needs to look at what there is and what is feasible for us to do. Questions include what will the money we invest grow in terms of social value? How do we evaluate that? Measurement is crucial and we are nowhere near answering these questions at the moment.”<sup>46</sup>*

- 8.8 The CCG agreed that measuring social value was challenging and provided some examples of social value measures for consideration in service redesign/procurements.<sup>47</sup> These included a social value outcome of ‘increase community resilience’ and suggested some social value measures including: reduction in social isolation; improved mental well-being; number of people regaining employment among others.

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<sup>43</sup> Social Value Scrutiny paper 18/9/2014 p 1

<sup>44</sup> Minutes 18 September 2014

<sup>45</sup> *Ibid*

<sup>46</sup> Minutes 4 September 2014

<sup>47</sup> Agenda papers for 18 September 2014

- 8.9 Andy Witham, Category Manager for Adult Social Care, Corporate Procurement, pointed out to the Panel that *“as we move to a more outcome-based process it will become easier to evaluate”* social value and it will be more visible.<sup>48</sup>

The paper submitted by the Procurement Team noted:

*“To ensure that social value objectives are delivered, it must be possible to measure and quantify the outcome they pursue.”*<sup>49</sup>

- 8.10 *The Future of Social Value* report by Social Enterprise UK made the clear point that:

*“Central to the measurement issue is that it needs to work for both sides:*  
• *the providers want it to inform and improve their work and business, not just be something demanded of them or imposed*  
• *the commissioners need the evidence base to be able to justify their decision-making, and for that evidence to have some credibility and rigour.”*<sup>50</sup>

- 8.11 There is no easy answer to how to measure social value. It must be a clear part of discussions between commissioners and those wishing to provide a service. Measurement must be at the forefront of thinking when devising criteria for evaluation.

**RECCOMENDATION 9: If social value is to be embedded in procurement and commissioning processes it must be measurable. If the value can not be clearly measured, social value will never be used to its full potential. The Panel recommends that guidance is produced to suggest ways that social value can be measured during the life of a commissioned service.**

## Monitoring social value

- 9.1 Another key consideration is how to monitor social value and, going forward, how social value builds in the future and how that can also be monitored. This is closely tied in with the measurement of social value and should be seen as part of the same carefully constructed process.
- 9.2 A number of people made the point that we need to improve our monitoring. Michele Pooley told the panel *“when awarding contracts, social value needs to be performance managed and we haven’t done much of this.”*<sup>51</sup>

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<sup>48</sup> Minutes 4 September 2014

<sup>49</sup> Paper submitted by Andy Witham, Corporate Procurement

<sup>50</sup> <http://www.fusion21.co.uk/media/40224/the%20future%20of%20social%20value1.pdf>

<sup>51</sup> Minutes 18 September 2014

9.3 Debbie Greening, Commissioning Manager, B&HCC noted:

*“Financial elements can be monitored but it is very difficult to measure less tangible benefits. It can be done through the procurement process and we need a structured framework around social value.”*<sup>52</sup>

9.4 Michelle Pooley and Sam Warren told the Panel they were developing a *“performance management framework for the Communities and Third Sector Prospectus Commission which includes ongoing measures to oversee the social value outcomes”*.<sup>53</sup> The Panel looks forward to seeing this work completed.

9.5 It is clear that monitoring must be considered at the same time as measuring social value. If the social value element of a contract is not subject to robust monitoring procedures, there will be no evidence to show that a commissioned service is delivering on all its intended outcomes. The monitoring process must be clearly stated and agreed at the very start of the procurement process.

**Recommendation 10: Monitoring procedures must be clearly stated and agreed at the start of any procurement of services. These must be robust, appropriate and timely.**

## **Learning from others**

10.1 There has been a substantial body of work around social value: some of these resources are listed at the end of this report. For example, a Social Value Portal has been launched which aims to bring resources and learning together.<sup>54</sup>

10.2 Anne Richardson-Locke, Commissioning Manager Adult Social Care, B&HCC told the Panel about a recent conference on commissioning with the third sector that had considered social value and how far it has been embedded nationally. A survey conducted on the one year anniversary found only half of the commissioners felt confident about the Act. It was suggested that there was more need for ‘horizontal commissioning’ with commissioning across departments and not just individual contracts.<sup>55</sup>

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<sup>52</sup> Minutes 18 September 2014

<sup>53</sup> Social Value Scrutiny 18/9/2014 paper submitted

<sup>54</sup> [www.socialvalueportal.com](http://www.socialvalueportal.com)

<sup>55</sup> Minutes 4 September 2014

- 10.3 The idea of 'horizontal commissioning' is an interesting one and the Panel would like to see this explored further. Annie Alexander commented:

*"Horizontal commissioning is interesting – if a Joint Strategic Needs Assessment highlights a particular issue, how can the work of the council contribute to this? For example, do we procure services from an organisation that looks at the mental health and wellbeing of staff and the community? It is about using money cleverly to address city priorities."*<sup>56</sup>

- 10.4 Annie Alexander, Public Health Programme Manager gave the example of Durham County Council requiring contractors to include employee health and wellbeing in their application. Durham County Council has a sustainable commission and procurement strategy. They also have a section on specific commitments including whole life costs, and employee health and wellbeing such as the Mindful Employer Initiative.<sup>57</sup>

- 10.5 Croydon Council has developed a Social Value Toolkit: Andy Witham was one of several to commend Croydon as having "a good policy that incorporates social value."<sup>58</sup> This report looks at the idea of a toolkit later.

- 10.6 Knowsley Council has developed (along with partners) six key social value outcomes (increase in community resilience; reduction in demand for public services; impact of volunteers; impact of community businesses; private sector investment in communities; residents making socially responsible decisions) with twenty nine social value measures.<sup>59</sup>

- 10.7 In a report considering lessons from Lambeth on social value commissioning it states:

*"Put simply, for us, social value is about securing maximum impact on local priorities from the use of public resources."*<sup>60</sup>

## **Brighton and Hove Clinical Commissioning Group (B&H CCG)**

- 11.1 The CCG Governing Body Meeting in November 2013 agreed a paper on implementing the Social Value Act. The report stated:

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<sup>56</sup> Minutes 4 September 2014

<sup>57</sup> Minutes 4 September 2014

<sup>58</sup> Minutes 4 September 2014

<sup>59</sup> Knowsley: An Emerging Approach to Social Value

<sup>60</sup> *Social Value: A commissioning framework. Pt1: Lessons from Lambeth.* Toby Blume and Anna Randle. Collaborate and Transition Institute P11

*“By maximising the impact of added social benefit in our commissioning and procurement processes we will deliver not only better quality local healthcare services but reduce demand for health and social care within the city.”<sup>61</sup>*

It went on to say:

*“When social value is considered it not only maximises the impact of our commissioning decision on the health and wellbeing of our population but it can also help to level the playing field for potential providers such as NHS providers, third sector organisations, charities and social enterprises as they often have elements of social value hard wired into them.”*

- 11.2 It stated the need to communicate a clear and unambiguous message about the CCG’s attention to include social value in procurement methodology and to incorporate measures of social value in the CCG’s evaluation of bids and resulting contracts. Geraldine Hoban, Chief Operating Officer of the CCG emphasised this point. She told the Panel:

*“Social value is a key underpinning principle of how the CCG operates and how we see ourselves..... The CCG are clear that social value is weighted and organisations will be asked to demonstrate social value and it will be measured. It is important to be upfront about this and be very clear that social value will be monitored.”<sup>62</sup>*

- 11.3 The Clinical Commissioning Group (CCG) has written into its Sustainability Plan 2014-17 that:

*“All new procurement to include measures of social value. These are to be described in the service specification and explicitly weighted in the evaluation of bids. The Procurement Governance Committee will oversee the inclusion of Social Value measures in all new procurements.”<sup>63</sup>*

- 11.4 The Panel applaud this statement and believe that B&HCC should seek to emulate the CCG in this area. The CCG and the council work closely together in partnership already and the Panel would like to see this widened to include working on social value – including broadening understanding and identifying common goals. The strong partnership is an excellent base for taking work on social value forward. In addition, other organisations in the city, including Community Works, should be brought into a wide conversation on what is meant by social value – and what can realistically be achieved.

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<sup>61</sup> Governing Body Meeting Tuesday 26 November 2013

<sup>62</sup> Minutes 18 September 2014

<sup>63</sup> Brighton and Hove CCG Sustainability Plan 2014-17 para 2.2



## A social value toolkit?

- 12.1 Some councils and organisations have produced social value toolkits. The Procurement Agency for Essex has a toolkit that sets out the three main areas that need to be considered prior to commencing the procurement process to ensure that the requirements of the Act are followed.”<sup>64</sup> Croydon Council produced a Toolkit that “*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.*”<sup>65</sup> The Toolkit states:

*“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.”*

## A social value framework?

- 13.1 The Communities, Equality and Third Sector team submitted a paper to the Panel in which they suggested that it would be helpful to have one clear definition of social value across the council (see Recommendation 2) They suggest that this could be part of a practical document that sets out principles and a framework of how to embed social value into all commissioning and procurement. They suggest:

*“..the development of a set of principles and a framework which would include a menu of suggested activities that would meet social value outcomes. This would support commissioners and officers procuring services to understand how to embed social value into their processes and to give guidance of the type of extra outcomes that could be viewed as social value benefits.”<sup>66</sup>*

- 13.2 Andy Witham told the Panel that in hindsight, in the adult social care prospectus approach “*the social value aspect was not as strong as it could be as there was no clear set of principles on what social value means.*”<sup>67</sup>
- 13.3 Geoff Raw explained that when a decision is made to spend money, capturing where the benefits are is critical. “*There will be difficult decisions and a robust framework to justify decisions would be very helpful.*”<sup>68</sup>

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<sup>64</sup> Public Services (Social Value) Act Toolkit (v7) – Procurement Agency for Essex

<sup>65</sup> Inspiring and Creating Social Value in Croydon: A Social Value Toolkit for Commissioners

<sup>66</sup> Paper submitted to Panel meeting on 18 September 2014

<sup>67</sup> Minutes 4 September 2014

<sup>68</sup> Minutes 4 September 2014

13.4 Some suggest social value indicators can be devised. One company, Jb eventus, have identified 6 indicators against which organisations can develop clear social measures that demonstrate change and impact. These are: choice and being in control; being active; health and well-being; being connected and building relationships; learning and development; and employment opportunities and status.<sup>69</sup>

13.5 Kirklees Council has set social value objectives as:

*“Promoting employment in Kirklees and supporting youth employment; Supporting the Kirklees economy – maximising the impact of the Kirklees Pound; Investing in ways that most benefit our local communities the most; Growing our relationship with the voluntary and community sector and local business.”<sup>70</sup>*

13.6 It should be considered whether a framework could usefully be devised which incorporates some of the other recommendation for action in this report, such as a clear definition of social value, a glossary, a set of case studies highlighting best practice, clear principles for incorporating social value from the onset, and tools for measuring and monitoring contracts going forward. It would be a practical document with a checklist to aid people to think even more creatively.

## Challenges and opportunities

14.1 Undoubtedly the biggest challenge facing the council is that of diminishing resources in a time of increasing demand. The Panel believes that social value could be an important tool to lever in additional benefits through the commissioning of services. In an ideal world, benefits accrued from social value create a virtuous circle by reducing demands on services through empowerment and enablement. It is also worth noting that as long as the social value aspect is an integral part of a service, there is the opportunity to use social value in the more challenging and larger commissioning areas of environment and housing.

Social Enterprise UK in its report *Communities Count: The four steps to unlocking social value* states:

*“Social value is increasingly understood to be one of the most useful tools we have for turning the country around by promoting economic growth alongside*

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<sup>69</sup> Social Value – Made Real. Ensuring that what is measured is valued and meaningful to all. Jb eventus.p9

<sup>70</sup> <http://www.kirklees.gov.uk/business/businessWithCouncil/pdf/socialValueGuidance.pdf>

*social wellbeing and minimising environmental damage; while helping Britain face the future with confidence.*<sup>71</sup>

The Panel is, however, under no illusions that social value is a panacea.

- 14.2 It is very clear to the Panel that this inquiry has raised more questions than it has answered. There is no common language or set of tools for measurement of social value and questions that need to be addressed include the key one of where does value for money intersect with social value?

Geoff Raw, Executive Director Environment, Development and Housing told the panel that:

*“Social value is an interesting idea but everything at the moment is pulling in the direction of a tough commercial approach. The question is does the business case stack up?”*<sup>72</sup>

- 14.3 Other questions include how can major contracts start to make a contribution to the issues facing the city, for example mental health? How can the social value be linked to the Joint Strategic Needs Assessment?

Geraldine Hoban, Chief Operating Officer of the CCG, agreed that there were challenges in implementing the Social Value Act. It is important to ensure social value is tracked through the whole process. She also suggested that it can be challenging to get social value criteria agreed with some partners but nonetheless a clear measure of social value in contracts and procurement is important.<sup>73</sup>

Caroline Ridley of Impact Initiatives made the point that:

*“If social value isn’t considered then fragmentation between sectors may be increased and the opportunity to take a ‘total place’ approach to solving entrenched social challenges would be lost.”*

**The Panel believe that procurement is a very powerful tool that gives B&HCC greater opportunities to work creatively with others in the city. Organisations such as the CCG and Community Works are keen to collaborate on the issue of social value and B&HCC should be at the forefront of these discussions.**<sup>74</sup>

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<sup>71</sup> Communities Count: The four steps to unlocking social value – Social Enterprise UK and others p4

<sup>72</sup> Minutes 4 September 2014

<sup>73</sup> Minutes 18 September 2014

<sup>74</sup> Minutes 18 September 2014

## Conclusion

The Panel set out to look at what social value means to B&HCC, what best practice exists and how to best put the Social Value Act to best use. During the Panel's inquiry, the Government announced a review of the Social Value Act: it is clear that as a council, we are not alone in grappling with the challenges inherent in fully embracing the nature of the legislation.

Nonetheless, there are a number of actions that could be taken quickly that could facilitate further understanding of the opportunities offered by the Act. For example, agreeing a definition of what is meant by social value for our council – and our city; providing a clear glossary of terms, and examining how a 'golden thread' of social value can run through the procurement processes and clearly link to the council's corporate priorities.

In the face of diminishing resources and increasing demands, the Social Value Act should be seen as a prompt to look even more innovatively at how the services the council – and its partners in the city – deliver and what more can be added.

**Recommendation 11: The Panel recommends that there is a report back in 12 months outlining progress made on further embedding social value into procuring and commissioning services.**

## **Recommendations**

Please note these recommendations are in the order they appear in the report, not in order of importance.

**Recommendation 1: The Panel recommends that wherever services are procured and commissioned by the council, a clear mission statement is made at the start of the process that social value is a key underpinning principle. (page 6 )**

**Recommendation 2: The Panel recommends that Brighton & Hove City Council adopts a definition of social value. The following definition is suggested: “Social value is the additional benefit to the community from a commissioning/ procurement process over and above the direct purchasing of goods, services and outcomes.” (page 8 )**

**Recommendation 3: The Panel recommends that a glossary of terms used in social value, commissioning and procurement should be devised and publicised. This glossary should draw together all currently used terms and be put them in one easily accessible place. (page 9 )**

**Recommendation 4: The Panel recognise that there are examples of good practice using social value in the council and suggest these should be highlighted so others can learn from them. (page 15 )**

**Recommendation 5: The council must make a clear statement on the importance of social value and ensure that all staff commissioning and procuring services have the necessary understanding and tools to ensure social value is clearly examined and quantified. (page 15 )**

**Recommendation 6: The Panel recommends that a task and finish group is set up, consisting of procurement officers, commissioners and partners to look at what steps need to be taken to ensure social value is embedded across all council process. In addition, this must be directly linked to B&HCC corporate priorities. (page 15 )**

**Recommendation 7: The Panel recommend that existing community and social value work undertaken by partners and organisations in the city should be identified where possible. As this is a large piece of work, B&HCC should consider working in partnership with others, for example the universities, to undertake this project. (page 16 )**

**Recommendation 8: The Panel recommends that a social value weighting is clearly stated for economic, social and environmental wellbeing. As part of**

**this, an explanation of what weighting is given and the reasons behind this should be provided for each service. (page 17 )**

**Recommendation 9: If social value is to be embedded in procurement and commissioning processes it must be measurable. If the value can not be clearly measured, social value will never be used to its full potential. The Panel recommends that guidance is produced to suggest ways that social value can be measured during the life of a commissioned service. (page 20)**

**Recommendation 10: Monitoring procedures must be clearly stated and agreed at the start of any procurement of services. These must be robust, appropriate and timely. (page 21 )**

**Recommendation 11: The Panel recommends that there is a report back in 12 months outlining progress made on further embedding social value into procuring and commissioning services. (page 27 )**

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## Glossary

**Contract management** – the contract forms the framework within which the council and supplier can work together for continuous improvement and mutual benefit. The process of contract management involves monitoring the supplier’s performance against the standards laid down in the contract conditions and specification (Brighton & Hove City Council Sustainable Procurement Toolkit)

**Procurement** is the acquisition of goods, works and services to fulfil the wants and needs of stakeholders. (B&HCC Corporate Procurement Strategy)

**Prospectus approach** - the prospectus approach is focussed on the delivery of outcome-based services and fosters the involvement of the voluntary and community sector in developing sustainable and innovative models of service delivery.

**Social Benefit** – is defined in the Croydon Council Toolkit as “the outcome of this process of achieving social value”.

**Social value is defined in a number of ways:**

*“Social Value is the additional benefit to the community from a commissioning/ procurement process over and above the direct purchasing of goods, services and outcomes.”<sup>75</sup>*

Knowsley MBC defines Social Value as:

*“Outcomes, measures and activity that will create strong and well-connected public, private and social sectors that enable communities to be more resilient.”*

Birmingham City Council has a Social Value Policy which states: *“for the purposes of this policy we refer to this improvement of wellbeing as social value.”<sup>76</sup>*

Demos states:

*“Social value refers to wider non-financial impacts of programmes, organisations and interventions, including the wellbeing of individuals and communities, social capital and the environment. These are typically described as 'soft' outcomes, mainly because they are difficult to quantify and measure.”*

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<sup>75</sup> From the NHS North West <http://www.vsnw.org.uk/files/Social%20Value%20Summary%20Easy%20Read%20-%20NHS.pdf>

<sup>76</sup> [www.bssec.org.uk](http://www.bssec.org.uk)



The London Borough of Croydon has created a Social Value Toolkit. In the Toolkit they use the definition of social value as created by The Sustainable Procurement Task Force:

*“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”.*<sup>77</sup>

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<sup>77</sup> <http://www.croydon.gov.uk/contents/departments/business/pdf/socialvalue.pdf>

## Minutes and evidence

**BRIGHTON & HOVE CITY COUNCIL**  
**SCRUTINY PANEL ON SOCIAL VALUE**  
**10.00am 4 SEPTEMBER 2014**  
**COUNCIL CHAMBER, HOVE TOWN HALL**  
**MINUTES**

**Present:** Councillor Randall (Chair), Councillor Meadows and Councillor Simson

### **PART ONE**

#### **1 PROCEDURAL BUSINESS**

There were no declarations of interest. No substitutes are allowed on Scrutiny Panels. Councillor Christina Summers had stood down due to work commitments

#### **2 CHAIR'S COMMUNICATION**

The Chair welcomed everyone to the Panel meeting. This was the first public meeting of the Panel. At its scoping meeting, the Panel had set terms of reference as: *"In light of the Social Value Act, to consider what social value means to B&HCC, what best practice exists, and how to put the Act to best use in procurement and commissioning."*

One definition, used by Croydon to define Social Value is: *"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."*

It is the concept of making the most of every penny in the city and there are good examples such as the MoneyWorks Partnership which brings together a range of local partners to deliver joined up services that support Brighton and Hove residents to improve their financial situation and make the most of their money.

The Chair asked that each person introduce themselves and speak for 5-10 minutes and then the Panel would ask questions.

### **3 SPEAKERS**

**Andy Witham, Category Manager for Adult Social Care, Corporate Procurement, B&HCC**

**Anne Richardson-Locke, Commissioning Manager Adult Social Care, B&HCC**

**Judith Cooper, Contracts Manager, Adult Social Care, B&HCC**

**James Cryer, Partnership Manager, Mears**

**Geoff Raw, Executive Director, Environment, Development & Housing**

**Annie Alexander, Public Health Programme Manager, B&HCC**

**Andy Witham** - The Social Value Act became law in March 2012 and came into force in January 2013. It states that local authorities must “consider” social value when procuring services over the EU threshold (£170,000). There is a duty on the procurement team to consider how services add to economic, environmental and social value and they work closely with commissioners, eg, on the Commissioning Prospectus.

There is more that we could be doing, including looking at what social value means to the city. As a team and with commissioners they need to work to see how social value can link into the corporate priorities – how to get the ‘golden thread’ running through the council.

Social value can be built into the process either as part of the evaluation process so contractors say how they will add social value (eg number of apprenticeships) or it can be done at the end of a contract through the contract management approach (as they do in Croydon). So if social value is deemed a core requirement then it is built into a contract, or if not it can be contract managed at the end (or both).

More could be done to help commissioners to understand what social value means to the city and the council. It would be helpful to have a clear set of values. A clear definition and statement of priority would be useful.

Q – does social value apply to smaller contracts?

Andy Witham – no there is no statutory duty. They continue to review processes to allow SMEs to be successful so pre-procurement processes are streamlined for smaller scale organisations. They are trying to remove some of the barriers and help SMEs.

Q – Is social value built into the tender process?

Andy Witham – the ASC Prospectus asked about social value and what they would give back. There was a value and it was weighted. In hindsight, this was not as strong as it could be as it was difficult to link it up to the corporate priorities. Questions were asked such as how would you work with the local people/engage with local communities etc? The social value aspect was not as strong as it could be as there was no clear set of principles on what social value means.

Q – have you looked at what other local authorities are doing?

Andy Witham – yes. For example, Croydon have a good policy that incorporates social value. We are not there yet in B&HCC and it would be very useful to have a policy on social value.

Q – what was the weighting used for social value? Are there any other eggs other than Mears.

Andy Witham – 30% and no other examples.

**Anne Richardson-Locke** – Chris White MP recently did a useful presentation on the impact of the Act. The Act was not envisaged as an additional burden but to acknowledge good practice and there are some good examples, such as Croydon who have developed a tool kit. A mechanism has been established for evaluating commissioning using mystery shoppers who do spot checks on procurement documents. In addition, suppliers can challenge commissioners if they do not feel they are using the Social Value Act. A survey conducted on the one year anniversary found that only half of the commissioners felt confident about the Act. More work is needed and looking back, social value was not defined well enough in the Prospectus which made it more difficult for suppliers and also difficult to evaluate.

There is a need for more horizontal commissioning – not commissioning in silos. Commissioning should go across departments and not just individual contracts. Some local authorities (eg West Midlands, have appointed a social value champion). Case studies and peer reviews should be shared and it is crucial members are involved from the beginning.

Some questions arising from the presentation for B&HCC: how much have we embedded the Social Value Act? (other than the Prospectus is it part of other commissioning, specifications etc?) How much understanding do commissioners have of the Act? Do members or other stakeholders have knowledge of the Act? How much horizontal commissioning are we doing? Could we have a Social Value Act Champion?

Comment – new Larchwood was an example of adding social value without realising it when it was rebuilt. We need to look at the broader picture and also look at how we work with partners such as the Police.

Q – are there difficulties in recognising and evaluating social value?

Anne Richardson-Locke – there are good examples in Adult Social Care, particularly the work with providers of day activities for older people, and Jane MacDonald has done work on this and is coming to the next Panel meeting.

Andy Witham – as we move to a more outcome-based process it will become easier to evaluate and more visible.

Chair – another example is The Bridge where the catering was developed and now provides catering elsewhere such as The Keep. This involved all local people and is an example of getting more than one outcome from expenditure.

**Judith Cooper** – two major pieces of work that included social value were the May 2012 Prospectus and the May 2013 Prospectus. In 2012 the Prospectus approach was a learning experience. East Sussex County Council had their Prospectus approach but it was too early to learn from that. B&HCC and the CCG together re-commissioned mental health community services. There was a lot of user engagement. The approach taken was 30% price, 30% quality and 30% social value. This first Prospectus was a learning curve. With the mental health community services they had service users and lay people on the Panel and these groups of people were specifically asked to consider the 2 questions on social value. A different set of people looked at the questions on price and quality. This approach did not work well as it was two different sets of people. For the 2013 Prospectus everyone involved assessed all questions.

The Prospectus approach was a two-way process and this was critical. It provided an opportunity to look at applications and ask questions and then applications were re-submitted.

The CVSF were asked to do an evaluation of the Prospectus approach and there were some positives but they also felt that social value needed to be more clearly defined. The second Prospectus was better.

For advocacy services in 2013 there was a form with structured questions such as: How will your proposal contribute to social value development in Brighton & Hove? This was followed by a hint section suggesting ways this may happen (eg using community networks).

The process in 2013 was a much better. The commitment to include social value in commissioning services is there - but the process is not right yet. One recent example is the tender of the shared lives contract that went to July 2014 Policy &

Resources Committee. It is a regular procurement but clearly gives 35% weighting to price, 35% quality and 30% social value.

Q – are you already looking at outcomes?

Judith Cooper – we haven't followed through very well in terms of contract management. Whilst we are good at counting the number of people accessing services, we are less good at following up on social value. This will be part of the next stages: learning and improving. Contracting management of social value needs to improve.

Q – evaluation is difficult – what are your thoughts?

Judith Cooper – we can ask people to explain the services they offer and can assess this. The problem is when a service is up and running how do you maintain the golden thread of social value? This is a real issue going forward.

Q – what is the feedback from those applying?

Judith Cooper – some people felt that the process in East Sussex was easier and we are learning from that. A positive is that because it is an open process people felt questions could be asked. Overall feedback recognises that it is a good thing but further work is required. Community Works thought social value had to be more clearly defined.

Andy Witham – we are talking to East Sussex and learning from them and providers have appreciated the openness of the process.

Comment – the HACT give a monetary value to each element of social value which is difficult but an interesting idea.

**Annie Alexander, Public Health Programme Manager, B&HCC** - It is very important that we identify a way to measure social value. When the commissioning prospectus process was evaluated, it was a snapshot in time and there weren't the tools to consider what difference will this investment make? What will it be over time and how can we measure it and put a monetary value on it? We need to think about what social value means for the city. The New Economics Foundation has devised a Social Return on Investment tool but it is very complex. It uses proxy measures and they match an outcome with a proxy measure with a monetary value. The HACT talks of other tools. There are a number of different tools for measuring social value and the council needs to look at what there is and what is feasible for us to do. We should be asking what will the money we invest grow in terms of social value? How do we evaluate that? Measurement is crucial and we are nowhere near answering these questions at the moment.

The concept of horizontal commissioning is interesting – how we commission across the council - and it is important to remember that social value is one of 3 parts of the Act and all three - social, economic and environment - need to be considered.

The majority of the council's large procurement is delivered by the private sector. In Durham they put in a requirement that employee health and wellbeing was part of the contract. In Brighton & Hove mental health is an issue in the city. Could we use our big contracts to start to make a contribution to the issues facing the city (such as mental health)? How can procurement become more holistic and can we link the Social Value Act to the JSNA? There is huge potential but at the moment we are looking at relatively small contracts and relatively socially minded organisations.

Chair – one example is asking every contractor to pay the living wage. Cleaning contracts contain this.

Annie Alexander – Costs of not doing it doesn't remove the costs but moves them to another part of the system. There are other authorities that have done work: Croydon has a comprehensive tool kit; Durham has a sustainable procurement strategy and Wakefield has done work too. Procurement is a very powerful tool and we could use it further to help tackle entrenched problems in the city such as unemployment, skills gap, and mental health. We could do much more here. We need to be clear about monitoring social value commitments early and more will grow from this.

Looking at how social value builds into the future we need to find a way of monitoring cause and effect. There is a balance – if too much is put onto organisations they won't enter the process. We need to be very clear but not over-prescriptive.

Chair – it is also important that other organisations are involved and it is a whole system approach.

Annie Alexander – ideally it should be a whole city approach. In Durham, they have a section on specific commitments including whole life costs, broken down into social, economic and environment: employee health and wellbeing such as the Mindful Employer Initiative is a requirement.

Andy Witham – we have examples here such as the One Planet Living policy. It is about linking it to social value and making sure it all connects.

**James Cryer** – there are two main contracts with B&HCC. The gas contract covers the north and east of the city and the repairs and maintenance contract covers the entire city and has been in place since 2010. As a commercial organisation if we measured social impact we could publicise it – there is a lot that Mears do that could be publicised. Internally there are KPIs on 'serving our community' for example, each person has 2 days paid work in the community. Each branch has a budget to spend on community work which can be anything from a reading club at a school to running a project. 'Mini Mears' is a proposal to talk to children about work and what

they would like to do – getting children to think about becoming a plumber or an electrician etc. Other examples include renovating Moulsecoomb Boxing Club, an open day at the Crew Club and links with the Brighton Sea Cadets. Electrical apprentices have to do commercial (as well as residential) work so re-wired the Sea Cadets base. A race day with City Academy in Whitehawk raised money to take children on an outward bound course. Mears are also targeting loneliness so are supporting cafes on the Bristol Estate such as JAVA Café Woodingdean and also want to support the Bristol Estate Association to run a breakfast café.

The 'Waste House' was built entirely out of waste in the grounds of the Faculty of Arts in conjunction with the University with students and apprentices working together.

There are knock on effects, for example, insulating homes not only has fuel bills dropping, but improves the look of the estate and reduces the carbon footprint. Reducing fuel poverty has been achieved as a result of the insulation programme.

Mears tender submission included a commitment to 200 apprentices over the 10yrs of the contract. There is an opportunity to make this an obligation in future contracts. This is year 4 of the contract and 80 people have completed or are on an apprenticeship. 29 have been retained (7 this year) and 2 were offered jobs by sub-contractors. It would be interesting to track the future of apprentices. After 3 years with Mears, apprentices want to work and have the work ethic. Some want to start their own businesses so Mears are hoping to give business support or guaranteed work to help people set up on their own.

One area that has been more difficult is children in care becoming apprentices. This scheme hasn't been successful and needs to be re-branded and be clear that these places are funded by bursaries and are in addition to the other apprenticeships. Mears also pay the living wage as a minimum to all directly employed staff (with the exclusion of those on the UK Apprentice rates) minimum wage and provide 'Mears Assist' which provides all staff with access to legal, financial and mental health advice if required.

The Estate Development Budget has been used on physical projects on housing revenue land but could also be used for helping youth clubs etc. Mears try and engage with the B&HCC Payback Team but more could be done if this was formally part of the contract. They are looking to use the Payback initiative to do landscaping and ground work.

Q – was the apprenticeship scheme the only commitment of that sort in the contract?

James Cryer – most organisations of the size of Mears would offer apprenticeships. There wasn't an obligation to do so, but it helped to score higher in the quality side of the submission.

Q – would Mears like to be obliged to do certain things?



James Cryer – as part of the quality scoring contractors can distinguish themselves by added value. There should be a minimum requirement but you also want to encourage innovations and not be too prescriptive.

Comment – whilst apprenticeships are part of the offer, they also benefit the company.

James Cryer – morale is better if a company is motivated by more than just profit. If a bid is awarded on price and quality you need to have effective means of measuring quality. Community benefits can be measured but it can be subjective with differing views from different people. One added advantage of apprentices is on the administrative side where they have trained existing staff in IT. They bring lots of new skills and also motivate mentors too.

Annie Alexander – the council need to be celebrating more what we do well as well as looking at what could be done better.

Judith Cooper – 10years is long enough to get some solid work done. Most of the ASC contracts are for 3 years only which makes it more difficult.

James Cryer – historically on previous gas contracts nationwide, a typical 3 year contract meant by the time it was all working well on KPIs and it was time to look at added value, the contract was nearly finished. There is a big benefit to a long contract – and it could have a ‘break clause’ in it.

Mears runs a fleet of 80 vans and they could be used to promote key messages across the city. Mears have 16,000 people and half work in Mears Care – ‘care and repair’. They try to cross-reference people who have care packages to help people. They try to tie up services – they could be further information in the Empty Homes Pack, eg in Whitehawk they included a brochure for the Whitehawk Inn. Mears would welcome looking at joint initiatives with ASC. Often Mears are involved in projects because they are approached with ideas, for example the waste house happened that way. Mears are in a good position to identify vulnerable people and are happy to talk to ASC about joint initiatives.

**Geoff Raw, Executive Director Environment, Development and Housing, B&HCC** – social value is an interesting area but everything at the moment is pulling in the direction of a tough commercial approach. The question is does the business case stack up? Experience is that our capability to write very good business cases is not always there. Sometimes the policy steer for the social and political side alongside the business case hasn’t been thoroughly worked through. There is less money around so it is harder to put the case with less resources. How can you count benefits that are broader than financial return?

The Panel could advise on a more systematic way of capturing social value and how we can capture this in reports.

Traditionally, we do well in regeneration with the wider benefits, such as apprenticeships. In housing, investment in renewing or new stock includes training opportunities and support to help tenants, not just cashable benefits. However, a lack of a clear framework makes it difficult to measure. There are a number of mechanisms to measure a financial impact of social value but it would be helpful if the Panel made a recommendation around methodology. There are questions around what is social value?

Q – it is possible to do social value and financial value and best value. Both are very important and social value can bring savings in other areas. They are not mutually exclusive. Durham used specific expectations in contracts.

Geoff Raw – when a decision is made to spend money, capturing where the benefits are is critical. With diminishing resources, members need to say where the money will be found, not where more is spent. There will be difficult decisions and a robust framework to justify decisions would be very helpful. We need to think more positively about where we spend to save. The NHS were looking at reducing costs to do more preventative work – but how do we know that it actually will deliver the money that has to be saved? If we invest to save then we need to be confident that the right benefits are delivered.

Q – longer contracts provide more benefits – are there any thoughts of making grants longer term?

Geoff Raw – ELT have been discussing the issue of grants (which is contentious). We need to look at whether the funding is providing the best value for money for the spend. Do we eliminate grants in favour of outcome-based contracting and look widely across the whole spend on the third sector? Do we know what we are getting from grant-aiding? How can we evaluate spend with the third sector? The totality of funding needs to be considered – are contracts overlapping or duplicating? If contracts are extended, we need to be very clear what would be better by doing so – be precise about outcomes (eg better efficiencies, cheaper leases etc).

James Cryer – there is an expectation of year on year savings built into the contracts. In the gas contract, the price has come down considerably. One example of 'Invest to save well' in the gas contract has been a reduction in central heating repairs because boilers were installed with 7 year warranties so there are no call-outs. There are multiple benefits with more efficient boilers have lower bills, lower co2 emissions as well as fewer call-outs

Geoff Raw – everyone has to consider getting better value. Exploring more neighbourhood governance means being clear on what social value is and what the expectation is. There needs to be a clear agreement that holds organisations to account. A framework with clarity and accountability. There needs to be a calculation and a clear definition of social value. As council spending decreases, community involvement will increase. As council and public spending reduces and

community funding increases we need to think about how we measure and evaluate this (and how we lever it in from communities).

Annie Alexander – in addition to the social aspect, there is the economic and environmental aspect. The Act is about all three aspects and if we are providing a service it is about social, economic and environmental impacts. We need to think broadly and look at ways of contributing to the broad values. Horizontal commissioning is interesting – if a JSNA highlights a particular issue, how can the work of the council contribute to this? For example, do we procure services from an organisation that looks at the mental health and wellbeing of all staff and the community? It is about using money cleverly to address city priorities. There is currently no mechanism to do this in the city.

Geoff Raw – what mechanism should we use? In the context of reduced budgets, the budget strategies could draw out more clearly what the social value, economic value and environmental value may be. We need robust business cases to say what savings will be produced.

Q – how can we change our thinking? Are we too short-term?

Geoff Raw – during the budget-making process, how long can an administration budget be set out for? If we set a 5yr budget whilst we have a minority administration, the other political parties will use this. In a time of political uncertainty, and a minority administration it is difficult for officers to be bolder in investments. Is there a way of getting some political consensus to allow budgets to be set for longer periods?

Q – should we be including the community in discussion of what they can do for themselves and us? Rather than always what we do for the community?

Geoff Raw – to what extent is the city and its communities ready to take on board things the council used to do? What strategies do we need to employ? There are choices and balances and we need to engage the community as part of how we manage with less resource.

Chair – thank you to everyone for a really useful and informative session. The next meeting is 18 September 2014.

**BRIGHTON & HOVE CITY COUNCIL**  
**SCRUTINY PANEL ON SOCIAL VALUE**  
**11.30am 18 SEPTEMBER 2014**  
**COUNCIL CHAMBER, HOVE TOWN HALL**  
**MINUTES**

**Present:** Councillor Randall and Councillor Simson

**PART ONE**

**5 PROCEDURAL BUSINESS**

Procedural Business

There were no declarations of interest.

Cllr Anne Meadows sent her apologies

**6 DRAFT MINUTES FROM 4 SEPTEMBER 2014**

There were no amendments to the draft minutes.

**7 CHAIR'S COMMUNICATION**

The Chair welcomed everyone to the second meeting of the Scrutiny Panel looking at Social Value. At the first meeting, the Panel heard from Corporate Procurement, Adult Social Care, Public Health, and Mears. It was a most interesting and informative meeting discussion about what more the council could do, how to incorporate a 'golden thread' through the process, and the idea of horizontal commissioning.

The Chair asked everyone to speak for 5-10 minutes and then take any questions.

## 8 SPEAKERS

### **Laura Williams, Representation and Partnerships Manager, Community Works and Caroline Ridley, Impact Initiatives.**

**Laura Williams** - Statistics from Taking Account 3 shows there are 2,300 groups and organisations in the city. It is very diverse sector that contributes £127m to the B&H economy which equates to 2.2%. 71% of grants income and 62% of contract income comes from outside of the city and volunteers donate 110,400 hours per week. Social value is core to what the voluntary and community sector (VCS) do and the Act provided a welcome opportunity. The sector is built on strong local ownership by residents and there is a key methodology of 'doing it for themselves' and being user led and a strong history of being trusted and valued..

There are challenges around social value: the lack of a clear local definition or principles around social value is confusing and it would be helpful to have a clearer idea of what social value is. It is not clear what is being valued and what value is being sought. There is no common language and it would be helpful to build consensus around the language used in determining social value. There is lack of common approach or a set of tools for measurement and a number of questions such as: how the created social value is channelled? Are procurement and commissioners on the same page? Where does value for money (VFM) and social value intersect? How can social value grow the social sector? How can the Panel influence other partners, such as the Police, Colleges and Probation? How can businesses get involved in mentoring and donating equipment? How can we move beyond apprenticeship and training opportunities being offered as evidence of social value by the private sector to improving Corporate Social Responsibility more widely?

**Caroline Ridley** – there is no consistency in the weighting of social value – the older people's contract for St John's weighed social capital at 18%, the Youth collective contract weighted social capital at 22% and in some cases it is up to 30%. The current proposal for supported housing for vulnerable young men does not weigh social value/capital at all.

**Laura Williams** - Other local authorities have built social value into procurement from the beginning, including in goods and works contracts. In Durham, Knowsley, Essex and Worcestershire procurement strategies include social value. There needs to be clear policies and joined-up thinking across different agencies. Other local authorities have clear statements on policy around 'doing business' with us. In Knowsley they set a benchmark figure so all contracts have to include 10-20% weighting. Contractors could be asked to implement the 'spirit' of the Social Value Act should be in their own procurement to encourage ethical supply chains.

If social value isn't considered then price would be the main deciding factor and the full potential from a contract may be lost. The legacy and long history and understanding of how the VCS contributes could be lost as social value often helps them. One organisation told Community Works that the additional social value they create is often 50% of why a contract works. In addition, if social value isn't considered then fragmentation between sectors may be increased and the opportunity to take a 'total place' approach to solving entrenched social challenges would be lost. It also wouldn't help the local SME/VCS that are people led and owned.

The sector would like to see a corporate approach with a set of values and principles built on inclusivity. A partnership approach would be great and Community Works are very happy to be involved. The change you would like to see should be identified and a framework may be helpful – as long as it is flexible. Every contract should ideally include a minimum social value weighting of at least 20%. Leadership and buy-in is important and lessons can be learnt from the feedback on the Prospectus approach.

Q – should there be a level weighting regardless of the contract or a variety of levels depending on the contract?

Laura Williams – each contract needs to have some flexibility but if a minimum level is not set, it may not be taken seriously enough. There should be a case by case approach but with a minimum level set.

Q – corporate social responsibility is important. How can we write into contracts what our expectations are from social value and the 'extra'?

Laura Williams – a collective sense of the sorts of things that we are looking to improve, eg 3 core outcomes could be set by a local authority so all social value had to adhere to these. The minutes of the previous meetings showed Mears had done a lot which is to be applauded but the efforts may have been led by improving HR practise and staff development not necessarily driven by a wider societal and environmental ambition.

Q – Mears have 10yr contracts – do you have thoughts on the length of contracts?

Laura Williams – the third sector would love to have longer contracts as by the time you are well underway it is time to plan an exit strategy. 10yrs is not common for services around people but 5yrs would be very helpful.

Caroline Ridley – Mears are on a different level. 10yrs for the contracts we have would be too long but 5yrs with a review and break clause it would be really beneficial to achieving social value.

Q – 5yrs with a break clause would give room for more social value over and above the contract.

Laura Williams – time taken in management processes associated with tendering could then be put into the service or drawing in funds from elsewhere to achieve more social value. The values and principles in the city are important and if a strong message is sent that everyone's contribution will help across the city it can be powerful. Many organisations could sign up to the concept of 'total place'.

Chair – the concept of 'total place' is an interesting one. In Manchester they are looking to pool all budgets across the city and in Finland the local authority runs all health services. The definition of social value is key as it the core values/outcomes the council promotes.

**Michelle Pooley, Community Engagement Co-ordinator, B&HCC and Sam Warren, City Neighbourhood Co-ordinator, B&HCC.**

**Michelle Pooley** – most of our work with the voluntary sector is built on the idea of social value. Much of the work in commissioning is about social value. The most recent piece of work is the Commissioning and Third Sector Prospectus. Within the context of the Prospectus, they identified social value but part of the approach to embed social value was how they engaged with beneficiaries and some residents to develop what social value may be. They made sure the funding applications included social value, money and VFM. Social value was weighted at 10% but quality was also linked to social value.

**Sam Warren** – 10% was set but actually it could be said that the whole 100% was social value because the work commissioned had implied social value. There needs to be a minimum but with flexibility.

**Michelle Pooley** – 20% is suggested as a minimum. When awarding contracts, social value needs to be performance managed and we haven't done much of this. Measurement tools are important. When we look at social value we need to look across all contracts and look at what we want social value to be irrespective of sector. It is about maximising the local investment of public assets and utilising the skills and opportunities in health, ASC and the business sector. For example, when doors are delivered to residents, what else do we do with that opportunity: what do residents want? We would look at the types of facilities in social housing, we work with the residents so they have ownership - the third sector could do this.

**Chair** - Due East is an example of participatory budgeting and were talking about Whitehawk work being subcontracted to residents. Local investment in local assets is very important.

**Michelle Pooley** – an outside firm could have to think about how to develop shareholders and develop capacity locally. A set of principles and a framework that would include a ‘menu’ approach of suggested activities that would meet social value outcomes. This would support commissioners and officers procuring services to understand how to embed social value into their processes and to give guidance on the type of extra outcomes that would be viewed as social value benefits. (Oldham do this).

Some examples of this menu include individuals and communities enabled and supported to help themselves and each other, and thriving local business (for further information see attached paper)

There should be a practical document (rather than a high level strategy): a toolkit to sit alongside the procurement strategy with a checklist to encourage people to think more creatively. A checklist could help with the understanding of social value and what it can achieve.

The Commissioners Network are discussing the performance management framework. They could discuss how you measure social value? What is additionally? How can we look strategically at moving money around to commission/procure the right services?

The ‘Local Multiplier 3’ is an economic development tool. The principle is that a multiplier is applied to turnover to ensure money stays locally. For the community and voluntary sector it is around £6m and the multiplier is 1.5.

Q – it is about thinking differently and it isn’t easy to get people to take social value on board. How can we influence people to do so? Should social value be considered in reports alongside financial implications?

Chair – we could consider adding social value to reports to ensure people think about it – think what added value this will achieve?

**Sam Warren** – we recommend that the Commissioning Network develop principles and a framework alongside procurement and everyone uses this.

**Michelle Pooley** – procurement is key to this and getting commissioners to think through the issues from the beginning. The Act covers economic, social and environmental considerations. Current reports talk about EIAs and engagement so could put in a reference to social value and VFM so it becomes part of a VFM conversation. If social value is built into the need to do more for less money it will be more sustainable.



Q – how do we performance manage social value? Are we aware of what is happening and do we follow it through? How do we make sure that the right steps are taken to achieve our outcomes?

**Sam Warren** – it is a difficult issue. It is easier with longer contracts and they are trying to develop a process. There should be a consistent use of tools – but it will take time as will gathering evidence.

Chair – a framework would provide consistency and it needs to become standard practice. A framework and a baseline to operate from will need a culture change.

**Michelle Pooley** – horizontal commissioning is at the root of this process. We need to look at what outcomes we need for residents and then look at what is working. There is a huge amount of knowledge in the council and we need to use this and work with businesses and the third sector. The relationship between the contracts managers and the commissioners is important. Services are commissioned with engagement information but there could be closer working. We need to work out and show social value in an economic way to be seen to be more effective.

**Sam Warren** – there are a number of tools and websites that look at allocating a monetary value to social value and we should look at this.

Chair – there is a lot of work already underway in this area but we need more consistency.

**Michelle Pooley** – there are different process and we need to employ a like for like approach. One option is to run pilots across different tenders and see what works best in Brighton & Hove.

Chair – we need to have a toolkit to use across different sectors. If there were one set of rules it would give greater transparency and consistency.

**Debbie Greening, Commissioning Manager, B&HCC** – B&HCC and the Clinical Commissioning Group (CCG) developed a joint Prospectus. The aim was to develop community services in a more joined-up way and emphasise uplifting health and wellbeing throughout the process. The funding came from both the council and the CCG - pooled resources to get the best deal. There was recognition of the strength of local community and voluntary sector to increase social value. The bids were evaluated with set criteria around quality, cost and social value that all had equal weight.

There can be misunderstandings around social value and how it is measured but this is part of the learning. This is a new process for us and we will learn and improve. There is a huge emphasis on developing partnerships and identifying gaps and sensible synergies. Economies of scale are very effective.

**Caroline Ridley** – they were informal partnerships. The ASC Prospectus didn't have a formal partnership but the bids referenced each other's works and plans, eg sharing buildings, and resources. The services provided are what people want where they want them.

**Debbie Greening** – it was a successful piece of procurement work but we weren't good at measuring outcomes and social value as there wasn't the tools to do so. A toolkit would be very helpful and welcome and social value is a principle all commissioners support.

The commissioning of Home Care Services did not include social value as the Act wasn't in place, but it was intrinsic to parts of it, eg, the Home Care Tender had partnership working and voluntary organisations and asked for supporting evidence. Recruitment and training was part of the procurement and they looked at providers who offered retention and career progression as this is a key issue for the city. The living wage is paid to core workers. There were also questions around improving quality of life, engagement and better use of facilities to reduce isolation for those who are house-bound. There is already a 'golden thread' in adult social care.

Q – How have you measured this?

**Debbie Greening** – this hasn't been successful. Financial elements can be monitored but it is very difficult to measure less tangible benefits. It can be done through the procurement process and we need a structured framework around social value.

There are an enormous range of home care providers from large national providers to small and voluntary sector providers. Paying more attention to social value was helpful for these smaller organisations who had an advantage with their local connections and knowledge.

**Geraldine Hoban, Chief Operating Officer, Clinical Commissioning Group (CCG)** – social value is a key underpinning principle of how the CCG operators and how we see ourselves. When the Act came into force, one of the first things the CCG did was take a report to the Board (as the Governing Body) that recommended that: social value was threaded through how and what the CCG commission; through how the CCG are as an employer; and how they worked with the 46 GP practices in the city. The report outlined what the Act meant and what the CCG needed to do. There is a huge potential to add value to how we spend money (£350m of public money invested in the city). Direction can be given in contracts on how to spend that money even more wisely, and how organisations can help their employees' wellbeing. Joining with partners in the city has huge potential. We need to state clearly that every £ spent adds benefit and that social value is a key part of the criteria to judge tenders against. The CCG are clear that social value is weighted and organisations

will be asked to demonstrate social value and it will be measured. It is important to be up front about this and be very clear that social value will be monitored.

How to measure social value is challenging – some examples are given in the agenda papers eg proportion of employees from the local area or reducing social isolation – this was in the contract awarded for MSK services in the city. Back to work is also key and a broader understanding of the illness and people's lives was woven into the specification for MSK. The CCG is also signed up to the Living wage and this is also in all tenders. Social value measures are woven into the tender specification, along with other outcomes such as reduction in carbon emissions. The messages from the very beginning need to be clear that social value will be measured and it is very important to be clear about this at the start. The CCG learnt the lesson that it is important to be clear at a high level but it needs to be a clear thread from the tender, through the specification to the measurement. All the CCG's standing instructions have been changed to reflect this. The weighting of social value can change – it was 20% in MSK but it is likely to be 30% in mental health services but 14% in dermatology.

There are challenges – it is important to be very clear early on and follow through the whole process. Also it is not so easy to work with some areas where the CCGs aren't as wedded to social value as B&H. In these cases it can be challenging to get social value criteria in and in one case they didn't manage to get the criteria agreed. Within the city, we have a much stronger power and discretion on specifications.

As the CCG is more confident and clear they are more upfront with partners. Social Value is embedded in procurement and the clear message is sent out. There has been concern over large organisations delivering cheap services but clear measures of social value in contracts and procurement makes it very clear who you want to do business with.

As an employers, the CCG pays the Living Wage and has a strong focus on health and wellbeing (eg mindfulness sessions and yoga at lunchtime); there are opportunities for trainees and apprenticeships with City College. Social Value is also about the organisation. There is more work to be done with GPs and there is a huge opportunity in terms of GPs seeing their role as an employer and in daily contact with patients. A new role has been developed of a Clinical Lead for Sustainability who will make connections between areas. The CCG are also looking at public health and equalities and the role of GPs.

Q – some GPs look outside the box. Cllr Simson is talking to her GP about how Councillors and GPs can work together.

Geraldine Hoban – it is still early days with social value woven into contracts and over time we can sell this to partners. Social value can be driven by ethics and values but it is also better for the city. People who are better supported need services less.

A small number of CCGs are leading the way: some feel constrained by procurement law. If you are clear and upfront about why who are doing this and how it is related to what you are doing, there is no legal issue.

Q – has there been any negative response from bidders?

Geraldine Hoban – not so far because we have been transparent and upfront. You need to be very clear that it is not just a high level sentiment but is in the nuts and bolts of a contract. The potential to be innovative in B&H is high. The CCG are keen to collaborate with others and work across the city looking at how to measure social value.

Caroline Ridley – It would be good to find a way to link those providing services with the voluntary sector.

Michelle Pooley – social value needs to include the business sector as well as the voluntary sector. Opening dialogue at the earliest stages would be excellent.

Geraldine Hoban –the contract for mental health services included formal partnerships with the third sector and this was stated up front. So you can be clear about what you want to see: it is harder to level social value in at a later stage. The third sector can be supported to describe and quantify social value which will make them stronger partners in the city.

Laura Williams – Community Works has amended its strategic offer to develop more partnership working with local business on behalf of our members. We would love to work in partnership to achieve effective implementation of the Social Value Act.

Chair – many thanks to you all for coming and for a really informative and interesting session.

## **9      ADDITIONAL INFORMATION**

## **10     ANY OTHER BUSINESS**

## Written evidence

### **Social Value Scrutiny** 18/9/2014

*Communities, Equality and Third Sector team have worked to develop the Communities and Third Sector Policy and subsequent Communities and Third Sector Prospectus which was signed off at Policy and Resources Committee in December 2013. This prospectus built on the learning from the ASC Prospectus 2012 and 2013. With this further emphasise and work on Social Value was developed.*

**This is an extract from the Communities & Third Sector Prospectus document that shows how we explained our requirement to ensure social value was integrated into the delivery of the core outcomes:**

**“The Public Services (Social Value) Act 2012** encourages all public bodies to consider how the services they are commissioning might improve the environmental, social and economic well-being in the area. It expects commissioners to think about how scarce resources can be allocated and used to best effect and reminds them to look not only at the price of a service but also at the collective benefit to a community as a result of a service being commissioned.

As part of this commissioning process, we have conducted numerous engagement and consultation processes with key stakeholders. This has shown the additional value and implications of this work in terms of social value. In commissioning these services Brighton and Hove City Council wish to implement the Act by considering what social benefit the bidding applicant can bring. “

Consequently, whilst funding applications will still be evaluated against value for money and quality criteria they will also be critically measured in terms of the contribution they will make to social value in the City.

In the development of our performance management framework we will continue to measure and consider the impact of commissioning social value alongside the core delivery of services.

***Should we have a “corporate prospectus” that sets out an overarching strategy for B&HCC’s approach to social value?***

*Having worked on the ASC and Communities & Third Sector Prospectus it would appear to be necessary and helpful to have one clear definition of social value across B&H City Council. This doesn’t need to be a strategy but a practical document that would set out principles and a framework of how to embed social value into all commissioning and procurement.*

**How is social value currently used in awarding contracts?**

Currently it would appear that some procurement and commissioning is embedding social value into contracts but this is not constant across BHCC and it is not always explicit. In addition the social value is not always captured and measure once the contract is in place and delivering therefore we have no clear understanding of the impact.

**Do we want/need a council-wide approach?**

We would also recommend the development of a set of principles and a framework which would include a menu of suggested activities that would meet social value outcomes. This would support commissioners and officers procuring services to understand how to embed social value into their processes and to give guidance on the type of extra outcomes that could be viewed as social value benefits.

Some examples of this menu could include:

<p>Individuals and communities enabled and supported to help themselves and each other</p>	<p>X% of service users supported to self-help          Coordinate and run a befriending scheme to reduce social isolation (and thus prevent the consequences of social isolation) for x number of older people          x% of customers directed towards lower-cost forms of contact (eg. phone or web rather than face-toface), including training service users to use IT as necessary          Support x number of service users to engage in volunteering          Support x number of service users into work experience / paid work / training          Work with x number of service users to design / deliver the service          Deliver the service on a localised basis so that the average distance to travel to access the service is reduced by x miles          x% of residential social care users supported to live independently</p>
<p>Thriving local businesses</p>	<p>Support x number of new business</p>

	<p>start-ups by running practical workshops with enterprise clubs</p> <p>Support the local economy by spending x% of total expenditure in the local supply chain (i.e. within the City) - this could be measured with tools such as LM3</p> <p>Support the local supply chain by spending x% of total expenditure in a 10-mile radius / within the City</p>
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**How can social value be weighted?**

*This would need to be looked at as part of the development of the principles and framework but the recommendation is that there would be a minimum weighting on all procurement and commissioning of maybe 20%.*

**How can monitoring of social value outcomes be best built into commissioning process?**

*We are currently developing a performance management framework for the Communities and Third Sector Prospectus Commission which includes ongoing measures to oversee the social value outcomes. This could be used and developed as part of an overall framework for BHCC to offer guidance to commissioners and officers procuring services. We would recommend the development of a set of Principles and Framework could be developed through the commissioner’s network.*

**What happens if we don’t embed social value into council procurement?**

*If we don’t embed social value into the all relevant (over 175k) procurement and commissioning processes we will not be maximising our investments in a way that would produce additional value for our communities and citizens. In addition we would not meet the legal requirement set out in the Social Value Act.*

**How social value measured and what is is being measured? (I.e. benefits perceived by service users or wider benefits and costs to society or both?)**

As mentioned early we are working on a Performance Management Framework for the Communities and Third Sector Prospectus Commission. The ASC Prospectus is also measuring the impact of the social value in their commissioned work. This could be used and developed as part of an overall framework for BHCC to offer guidance to commissioners and officers procuring services.

## Communities and Third Sector Prospectus Commission

### Contribution to Developing Social Value in Brighton and Hove

The commission itself **embodies the principles of social value, empowerment and capacity building** of people, groups, organisations and communities to deliver positive impact on people, profit and planet across the City. This proposal demonstrates how this impact can be maximised through the engagement of trusted organisations with strong local connections and high degree of participation and involvement. By resourcing partner organisations that are already embedded within the social and cultural fabric of the City, maximum impact for investment will be achieved.

### Knowledge and Experience

The partners to this bid all bring a strong track record of successful, evidence based delivery and long history of positive relationships and networks across the city. This proposal will allow us to build on our separate achievements and ultimately grow social benefit through the integration of programmes, the creation of solid and intuitive referral pathways, the ability to attract additional and complimentary revenue streams and increased opportunities to participate at whatever level groups and individuals choose.

The partners and sector deliver clear **socio-economic benefits** to the city. From the 2008 Taking Account: economic and social audit of the sector:

- The community and voluntary sector provides **£98million** in social and economic value to the city
- There are **19,200 volunteer positions/57,600 hours of volunteer time** given every week, which is worth **£24 million** in the city
- Throughout our work we seek to support the sector, e.g. we use local groups for catering at our events and wherever possible hire community venues to support local charities.

One of the planned outcomes of a community empowerment programme whether advice, community development or training is increase in skills and confidence leading to a broad range of positive additional social outcomes.

A good example is in employment. The partnership will aim to build on existing links through the education hubs in Whitehawk and Hangleton with Job Centre and Job Centre Plus to maximise potential for residents to take part in local training, volunteer and return to paid work across the City.

We **promote health and wellbeing** in the city and seek to **reduce health inequalities**, e.g. by community development engaging residents in activities together, and by Community Works at the strategic level by influencing **health and wellbeing strategies and services** in the city.

Our proposal has significant wider **social benefits**, based on expertise we have developed across our work programmes in recent years: We will collectively support hundreds of **volunteers** over the 3 year contract. Volunteering provides a major impact on volunteers themselves;



- improving both **mental and physical well-being** and thereby enhancing **quality of life** for the individual
- improving **self-confidence and skills**, offering a sense of social value and it can be a route back into employment for those out of work
- volunteering has particular benefits for more **vulnerable and socially isolated** individuals, helps them **feel more connected and part of the community** and can provide them with opportunities that they would not otherwise have
- Volunteering opportunities can help individuals **develop their literacy and numeracy skills**.

### **Community Engagement Structures**

Strong, integrated infrastructure, community development and engagement will have benefits throughout the City in terms of direct employment, increased volunteering and a broad offer of needs led local services.

The ‘collective benefit’, as required by The Public Services (Social Value) Act 2012, to the community is delivered in this partnership not just by individual organisations but by the synergy of their coming together and via the impact of their development work. The joining up of services and support and the streamlining of structures allows for **easily understood and followed routes**. Social value will be enhanced by better described and understood referral leading to easier access to services and support.

TDC, HKP and WHI all work in the most deprived areas of the City where the key to success is planned work over time. Community development builds skills and capacity of local people and its success in doing so is based upon relationships and trust. People living in more geographically isolated, economically deprived parts of the City can be wary of parachuting initiatives and their trust is generally earned not given. Participation is voluntary and memories are long. Skilled Community development work takes this into account and this bid benefits from strong local ties and local links. With its unique role and experience in facilitating partnership, Community Works helps individuals and organisations to see the bigger picture in the city and work together effectively to achieve maximum social benefit.

All partners have strong **strategic relationships** which will be brought to bear, across statutory agencies and at multiple levels, in addition to relationships within the voluntary and community sector. Alongside these traditional relationships all partners are committed to increasing links with business with neighbourhood partners learning from the Whitehawk Inn’s success in this area and Community Works corporate partnerships programme.

CUPP are named partners in the work and the synergy of links with the University mean that work will benefit from their expertise and the University benefits from working with key community based organisations in the key deprived areas of the City. WHI has recently completed a data research project in partnership with CUPP and has benefitted from ongoing input from the University of Brighton.

## **Local Employment Opportunities**

All three Community development organisations have a national profile for their success in working with deprived communities and bring different specialisms to the partnership. TDC has developed WICO, an accredited training programme that **offers residents a route to professional qualification and a job**. HKP is an award winning model community development organisation that mirrors ideal practise throughout its structures and WHI brings over a decade of experience in delivering advice, empowerment and training programmes to the most deprived part of the City.

### **Skilled, dedicated staff teams**

Each organisation brings a wealth of experience of working in with and for the sector. We employ the right people with the right skills to deliver. All partners have a track record of recruiting, training and retaining qualified, skilled staff. All partner organisations are living wage employers and are committed to ongoing learning, training and development of all staff.

## **Networks**

The newly created Community Works is built upon a foundation of over a decade building representation structures and providing leadership for the sector.

Community Works has a large, strong and **engaged membership and high positive profile** in the sector and wider City. The work completed by TLI project with partners mean that the services being offered have been tested and prioritised and this bid benefits from the legacy of that joint working. Central to our social value offer is the creation of a formal network of support building on work and processes started with the TLI process. In coming together behind Community Works all partners are signing up to collaboration and mutual sharing. This partnership offer is fully detailed in the relevant sections and shows the breadth of support this proposal has achieved. Over the three year funded period key to our success will be capacity building of the necessary partners to give the City the offer it needs and deserves. We provide greater **community resilience** through the continued development of **complex networks**, and the mitigation of potential negative consequences of the current financial climate.

- Community Works' 5 networks (Communities, Small Community Groups, Commissioning, Children and Young People and Volunteer Co-ordinators) will build cohesion and social capital.
- The new online neighbourhood forum will encourage learning from shared best practice and challenges.
- The reflective practice group sessions run by TDC and the shared training will improve communication and cross partner referrals amongst practitioners and partners. The VCS Support Services Strategic Network will join up delivery across the city and link strategically, as will core partners meetings.

## **Beneficiary Accountable Structures**

Within each neighbourhood area TDC, HKP and WHI bring long histories of successful delivery and ongoing empowerment work. Within each area strong partnerships with stakeholders exist which allow work to grow from mutually understood community need. By funding this partnership the City Council will be committing resource to a network of organisations that are governed and led by local communities and by definition committing to the principle that local residents and organisations themselves are able to collectively identify their own needs and develop their own solutions.

A recent analysis by Demsoc and BHCC into the HK area as part of the We Live Here pilot found that networks were ‘unusually highly developed in Hangleton and Knoll and that there was **‘a very high degree of connectivity’** unique in the communities that they mapped in Brighton and Hove.’

This was attributed to the long history of community work and the way that HKP facilitated networks and fostered relationships between residents and groups. The City Council’s Neighbourhood Governance Pilot was able to establish collaboration between community and council quickly leading to creative and positive solutions to local problems. The benefit of the developed infrastructure and community networks was credited to the role of TDC development staff and previous work there.

Community Works has over 340 members who are all community groups and voluntary organisations in the city. Over half these members are active in Community Works and committed to the movement for social justice which it represents. Community Works is reputed nationally for having maintained and developed a uniquely strong voice for the local sector. The governance models of the core organisations increase social value by bringing a **broad range of cross sector experience and skills into the organisations** and the community and growing accountability:

Community Works is a member led organisation by constitution as it is governed by VCS member organisations, who are beneficiaries of its support and leadership services.

- TDC is governed by key neighbourhood activists from across the City representing the neighbourhood communities they serve. This has created a City network of activists that steers TDC strategic direction.
- HKP is owned by the community at every level of operation. We have 10 Trustees of whom 8 are both local residents and key community activists. On our Board are representatives from the 50 plus steering group, The Multicultural Women’s Group, Youth trustee, Knoll Community Association, Hangleton Community Association, Knoll Park group, Hakit learner and our Chair who is also Chair of Community action. The representative structure for the HK area is Community Action which is backing this proposal along with the Board.
- WHI’s strategic mission is to work with individuals, families and the community to enable them to be successful, fulfilled, valued and empowered. WHI is governed by a board drawn from partner organisations across the city, representatives from local business and residents of the Whitehawk and Bristol Estates elected by service users.

### **Volunteers and Interns**

All organisations in the partnership bring a team of volunteers that support their work directly. HKP supports eleven volunteers that will directly increase capacity for delivery of this bid. TDC currently has 6 volunteers and also works with university student volunteers on specific projects (CUPP research in Colden/ Consultations on Bates & Saunders). WHI has 15 years’ experience of enabling residents and service users to volunteer both within WHI and in other organisations: in 2013, WHI supported 82 resident volunteers with IAG and training, thus supporting 70 organisations across the City.

WHI hosts a placement student from the University of Brighton, School of Education each year: a mutually beneficial research project is designed and developed during a 3 month placement. Community Works has a team of 12 volunteers and an internship with Sussex University, in addition to supporting student volunteer placements on specific projects.

We support volunteers to go on to find employment after volunteering for us. We provide references for all our volunteers and provide additional training eg in IT etc. to help improve job prospects. We work with both universities to give students practical experience of working with the public / in the sector, which also improves their **employment prospects** on graduating. Our strong volunteering focus also supports delivery of **Joining the Dots**: Triple Impact Volunteering Strategy 2010-2015.

### **Access Points, Bases and Additional Funding**

Social benefit is created when different streams of funding start to join up on the front line and have knock on impacts on outcomes for residents, groups and organisations. This commission clearly aims to maximise the ability of CVS groups and organisations to increase the amount of external money they bring to the City as well as create a commissioning ready sector that is able to deliver effective, efficient public services. This brings a clear economic benefit to the City and support for this proposal impacts on a wide range of other activity.

During the funded period we have a clear aim of improving our links with business, maximising the potential for skills share, volunteering and resources. This proposal benefits from links to both statutory and grant funded sources through all the partners. These complimentary activities include:

- Brighton and Hove Youth Collective and their joint programme of participation ensuring youth voice and activity
- Adult Social Care funded activity joining up programmes that fund older peoples work.
- CCG funded work around patient participation in their GP surgeries
- CCG funded work around developing community models for supporting people with dementia
- CCG funded work to support BME people with positive mental health activity
- NLDC (Neighbourhood Learning in Deprived Communities) funding to support training opportunities
- Financial Inclusion and Advice funding.
- Big Lottery partnership project funded to engage and support adults with barriers to participation into learning, volunteering, social inclusion
- National Lottery funded youth programmes
- TSB grant funding for empowerment, IT and other training courses.
- Children in Need youth programmes
- A range of small grant funders ranging from Eileen Dodgson, Awards for All, Sussex Community Foundation, Community First, Healthy Neighbourhood fund, O2 etc
- A range of consultancies

- Partnership with Sussex Community Foundation and development of a Local Giving campaign
- Chamber of Commerce partnership projects such as Ride the Wave support programme to Social Enterprise.

### **Physical Assets**

This partnership links with key **Community Buildings** across the City supporting them by rental of rooms (eg Community Base/Emmaus/New Larchwood/ six community spaces in Whitehawk) and encouraging grassroots activity within them.

Community development organisations also capacity build volunteer management committees of facilities (St Richards/St George's Hall, Hollingdean Community Centre) and help them form and raise funds for development of facilities that are accessible and fit for purpose ( Holy Nativity Community Centre/ The Vale).

Community development organisations are able to draw in external funding for improvements to facilities like parks (Hollingdean Skate Park/ Haig Community Garden)

For the first time **community development activity in Whitehawk will have a physical base** in the Whitehawk Inn, enhancing the development offer. WHI delivers training, workshops and community group meetings in five key community buildings - Manor Gym, Robert Lodge meeting rooms, Valley Social Centre, Whitehawk Library, Roundabout Children's Centre - as well as its own.

Community Works is located within **Community Base** who are a strategic partner in this bid. Investing in Community Base via rental income will help sustain the building as a home for 30+ charities in the city. We are also working closely with Community Base to develop the shop-front facilities as an Advice Hub, where our Volunteer Centre service will be co-located.

### **Environmental Impact**

All partner organisations have an environmental policy and there is an expectation that all members of the partnership will work together to share resources and minimise waste at all levels of operation.

Within neighbourhoods, food and open space projects mean that residents are encouraged to volunteer to improve and support their own lived environment. Most neighbourhoods have an allotment group and recycling and waste reduction campaigns with City Clean. Community development support encourages grassroots groups to use online communications where possible to reduce paper usage.

[Paper submitted by Sam Warren and Michelle Pooley]

## Paper submitted by Community Works

### Achieving Social Value

### Paper from Community Works to the Social Value Scrutiny Panel

September 2014

Contact: Laura Williams - Representation and Partnerships Manager

### A note from Community Works

Creating Social Value through understanding what is 'valued' by communities and developing tailor made local solutions is fundamental to the city's third sector<sup>1</sup>. We welcome taking part in the Scrutiny Panel process of articulating, debating and shaping what can be valued and how such value can be created for local communities. In turn we hope that this can be embedded in commissioning and procurement practises which recognise wider social, economic and environmental contributions that benefit everyone.<sup>78</sup>

It would be foolish for us not to recognise the challenging environment we are all operating in. But to only focus on reducing public spending and cutting regulation and bureaucracy without thinking about creating Social Value would seem to miss a trick. We need now more than ever for our local residents and third sector to be active, healthy and resilient so that there continues to be a response to the increasingly diverse patterns of need in the city. Community Works believes that the Scrutiny Panel has an ideal opportunity to consider how to join up public policy and delivery. Moving beyond narrow fiscal based interpretations of value for money, Social Value based commissioning frameworks can ultimately recognise and champion social outcomes and resident involvement and their value to Brighton and Hove.

Social Value recognises that outcomes can be generated by the private sector, the third sector, informal community networks and well as by the public sector. Community Works works towards this end and helps any organisation or individual across the city make a difference to local lives and issues. It can be community groups and voluntary organisations and volunteers to businesses and public sector organisations. Anyone can come to us to give their time, expertise and energy towards making the city a better place for everyone.

### Food for thought - Social Value Examples

NAVCA<sup>2</sup> suggests that "Social Value requires commissioners to look beyond the primary outcomes for which services are commissioned to secondary, and potentially, tertiary benefits". They use the following examples of commissioning intentionally for social value-added:

□ *A mental health service which employs people with a history of mental health problems to help deliver the service. The social value of this commissioning process amounted to improved wellbeing for the latter through enhanced job prospects and reduced social isolation.*

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<sup>78</sup> <sup>1</sup> Third Sector Definition: "With its roots based with the voluntary and community sector, the term is now being used widely to include social enterprises, networks, residents' and tenants' associations, co-operatives, mutuals and includes organisations that provide public benefit and are managed by its members". Source: Taking Account 3

<sup>2</sup> NAVCA Briefing 1: Introduction to Social Value

□ *In a re-tendering of a furniture contract for supported accommodation, social value was provided by the contractor establishing a base in a deprived community and employing staff and engaging volunteers from that community.*

□ *A Housing Arm's-Length Management Organisation contracted a private sector company to undertake repair work. The successful contractor offered social value in the form of promoting careers in construction and trades to local schools, giving a commitment to employing local apprentices and working in conjunction with local communities.*

Other examples are available from Social Enterprise UK:<sup>79</sup>

□ *An NHS trust commissions a patient group to plan and run a series of consultation events. The patient group can then use its profits to increase its beneficial activities in the local community, rather than an events company that doesn't have local roots using the profit elsewhere or giving it to their shareholders.*

□ *A Council re-tenders a 7 year contract for transport services including Special Educational Needs and adult day centre transport. They include a question in the tender (weighted at 10%) asking bidders to demonstrate how their model aids efficiencies and adds value. It was won by a social enterprise with a focus on increasing access for the most marginalised and creating employment opportunities for those furthest from the labour market.*

Further examples from the Cabinet Office<sup>80</sup> include:

□ *A Council tenders a £150 million housing repairs contract and uses a consultation process to fully develop social value considerations. Prospective suppliers produce innovative ideas that add extra value to the service. A significant response from providers, proposes a range of outcomes including: Providing energy efficiency advice for residents; Initiatives that target fuel savings for customers; DIY skills workshops for residents; Neighbourhood improvement projects; Early-stage incubation for social enterprises and Curriculum and literacy support in schools.*

□ *A Council tenders for a delivery partner for a Green Deal programme. The process, informed by the council's Social Value Policy, resulted in a contract which in addition to providing the Green Deal energy efficiency service itself, delivers additional value through creating supply chain opportunities for local SMEs and VCSEs, encouraging its business partners to invest in new green energy facilities, and engaging schools and young people in energy efficiency.*

□ *A Council tenders for a new banking services contract. The assessment of bids was weighted in favour of service quality, with 60% of the assessment criteria based on quality, and the remaining 40% allocated to price. Nevertheless, the winning bid enabled the council to net an annual saving of 26%, whilst securing additional social value outcomes proposed by the bidder. The proposals included work with local schools and colleges to develop students' employability and money management skills, creation of new apprenticeships and partnership working with local stakeholders to improve employment and social inclusion outcomes.*

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<sup>79</sup> 3 SEUK Public Services (Social Value) Act 2012 – A brief guide

<sup>80</sup> 4 HM Government The Public Services (Social Value) Act 2012: One Year

## The challenges and potential solutions as Community Works sees them

Through our support and development work with the local third sector and other strategic connections we hold we have created a set of helpful bullet points by way of background to some of the key challenges. In the table below we have also then suggested potential solutions. Key

### Challenges

The concept of Social Value has no single authoritative definition and there is no national perspective as to how the implementation process works. This is both an opportunity to shape what we would like to see locally but also invites confusion and unhelpful interpretation.

Social value in the context of commissioning remains very much a work-in-progress. With the voluntary and community sector, commissioning social value has largely used the prospectus model which has been helpful however, without some clear underlying principles and local policy we are concerned it may fall off the priority list.

The Social Value Act tells us that Social Value will be different for each contract or agreement but there is a lack of clarity over how best to determine what is possible within initial pre-commissioning processes.

Co-production and co-design to determine social value is key but the understanding of, skills and levels of commitment to co-production and co-design are varied.

### Potential Solutions

Set a clear definition of Social Value locally and a vision of the kinds of value that could be unlocked for local people whether they are a service user or a resident.

Creating Social Value pages on the newly revamped Council website that are available to everyone whether they are a Council Employee, Resident or potential provider could add to the cross sector approach.

Another useful resource is <http://socialvaluehub.org.uk/> which frames the Social Value agenda neatly.

The creation of a Social Value 'Policy' for BHCC could set a central direction which can then be championed across Council departments. The statement should recognise both private and third sector provision.

A renewed statement about the Council's view on commissioning would be helpful at this point as achieving social value goes very much hand in hand with commissioning and procurement practises. Refreshed guidance for all staff who commission (they may not always have the title of Commissioner) on when they can and can't engage with potential providers and what they can and can't do under the law would be helpful.

A glossary with agreed definitions could be produced.

We could also see social value for a given contract being defined during the specification development, in consultation with users and then weighted accordingly and assessed with service user input.



## Paper submitted by the CCG

# Governing Body Meeting - Tuesday 26<sup>th</sup> November 2013

<b>Title:</b> <b>Implementing the Public Services (Social Value) Act 2012 in Brighton and Hove</b>	
<b>Recommendation:</b> The Governing Body is asked to: <ul style="list-style-type: none"><li>a) Note the implications of the Public Services (Social Value) Act 2012 on the commissioning processes of the CCG;</li><li>b) Note the amendments to our commissioning and procurement processes;</li></ul>	
<b>Summary:</b> The Public Services (Social Value) Act of 2012 (attached as Appendix 1) came into full effect on 31 January 2013. The Act, for the first time, places a duty on public bodies to consider social value in procurement and related activities. In commissioning services, public bodies now need to consider how procurements will add value and improve the broader economic, social and environmental wellbeing of the area.  The paper describes changes we need to make to the CCG's commissioning and procurement processes in order to comply with our new duties under the Act as well as ensuring we are making full use of the opportunity this presents for improving the health and wellbeing of our City.  The Procurement Governance approved the changes to procurement processes at its meeting on 22 <sup>nd</sup> October and agreed to include a scrutiny on social value within its remit.	
<b>Board sponsor:</b> Geraldine Hoban, Chief Operating Officer	
<b>Author:</b> Geraldine Hoban	<b>Date of report:</b> 15/10/13
<b>Review by other committees:</b> Procurement Governance Committee – 22 <sup>nd</sup> October 2013	
<b>Health impact:</b> By maximising the impact of added social benefit in our commissioning and procurement processes we will deliver not only better quality local healthcare services but reduce demand for health and social care within the City.	

<p><b>Financial implications:</b></p> <p>These will be tested through individual procurement processes. In considering social value alongside more traditional criteria such as value for money, we may not always award the tender to the cheapest bid. We will however, through the process be able to demonstrate and quantify the added social value resulting from our decisions.</p>
<p><b>Legal or compliance implications:</b></p> <p>We need to make these changes to our commissioning and procurement processes in order to comply with the Social Value Act.</p>
<p><b>Link to key objective and/or assurance framework risk:</b></p> <p>Improving the health and wellbeing of our population.</p>
<p><b>Stakeholders:</b></p> <p>There has been no broader engagement per se as we are obliged to make these changes. However, implementation of the Social Value Act will be a key part of the CCG's Sustainability Plan which we aim to discuss further with key Stakeholders and the Public.</p>
<p><b>Patient and public engagement:</b></p> <p>See above.</p>
<p><b>Equality impact assessment completed:</b></p> <p>N/A</p>
<p><b>Protected Characteristic affected by this proposal:</b></p> <p>One of the criteria for added social benefit is related to how traditionally excluded communities will be specifically addressed in any tender processes. It is therefore expected that our proposed changes to procurement processes will have a positive impact on protected groups.</p>
<p><b>Action required to mitigate affect : N/A</b></p>

**From CCG:**

## **Implementing the Social Value Act in Brighton and Hove**

### **1. Background**

Ensuring value for money in public service delivery is now a more pressing policy concern than ever before. Measures of social value - which take into account a broader understanding of the benefits to society from how a service is delivered - are increasingly being considered alongside traditional criteria such as financial value as commissioners seek ever more impact for every pound of public money spent.

When social value is considered it not only maximises the impact of our commissioning decisions on the health and wellbeing of our population but it can also help to level the playing field for potential providers such as NHS providers, third sector organisations, charities and social enterprises as they often have elements of social value hard wired into them.

Increasingly public bodies are being guided to take a broader and more integrated approach to commissioning in order to make the best use of public money. Councils have received more direct guidance regarding their duties under Local Government Acts such as Best Value Act (2000) and the Localism Act (2011). However, the Public Services (Social Value) Act 2012 which came into full effect in January of this year, builds on earlier duties and takes a whole public sector approach. It requires public authorities to have regard to economic, social and environmental wellbeing when procuring, or making arrangements to procure the provision of goods or services. At the earliest stage in the process public bodies need to make it clear that they will be considering how the service being procured will improve the economic, social and environmental well-being of the relevant area and how the process of procurement itself might help to secure that improvement.

In fully utilising the opportunities presented by the Act, Public Bodies can help enable local communities to become more resilient and reduce demand on public services through opportunities for skills development and training, reduced unemployment, increased standards of living, reduced isolation, greater self care etc – as long as they are proportionate and relevant to the service or local area.

### **2. Implementing the Act**

We are obliged that from the outset of commissioning and procurement processes to co-design services with patients and the public and build elements of social value into our care pathways and service specifications.

We need to communicate a clear and unambiguous message about our intention to include social value in our procurement methodology whenever we communicate with the market and to incorporate measures of social value in our evaluation of bids and resulting contracts.

In particular we need to amend our service re-design and procurement processes to ensure that:

- 2.1 Specific and relevant elements of added social value are considered when developing service specs. There is no mandated list of social benefit as these will be specific to the service in question. However, some of the aspects we could consider are suggested in Appendix B. The list draws on elements of social value included in previous local joint tenders with the Council and provides examples from other commissioning organisations tender exercises.
- 2.2 Adverts announcing our intention to procure services must make reference to our expectation that potential providers will demonstrate outcomes related to social value.
- 2.3 Further explanation is provided in PQQ documentation so that all bidders are clear about the importance of demonstrating added social value in their tender bids.
- 2.4 We include a dedicated (and appropriately weighted) section within evaluation criteria that addresses the added social value of potential providers. The criteria needs to be proportionate and linked to the subject matter of the contract.
- 2.5 Contracts placed with providers as a result of procurement processes have elements of social value embedded in them and form part of the performance monitoring requirements.

### **3. Recommendations to the Governing Body:**

The GB is recommended to:

- a) Note the implications of the Public Services (Social Value) Act:
- b) Endorse the proposed changes to the commissioning and procurement processes of the CCG that were approved by the Procurement Governance Committee;

### **4. Next Steps**

Following approval by the Procurement Governance Committee and GB to the recommended amendments to our commissioning and procurement processes the CCG will need to ensure all staff and clinicians working within the CCG are aware of the Act and its implications for our ways of working. This will be a key part of the Training and Development Programme delivered in house to the CCG in 2013. In addition we will need to discuss further with

our suppliers of Procurement Advice (Solent Supplies via the SLA with South CSU) to ensure we are getting the very best procurement and legal advice around the inclusion of social value through our contract with them.

## Appendix B

### Examples of Social Value Measures for Consideration in Service Redesign/Procurements

Social Value Outcome	Social Value Measure
Increase Community Resilience	Reduction in Social Isolation
	Improved mental well-being
	Number of people re-gaining employment
	All employees receiving Living Wage
	Use of peer-support mechanisms
	Use of personal budgets
	Proportion of employees from local area
	Retention of local suppliers
	Engaging, supporting and developing local SMEs (Small and Medium Size Enterprises)
	Engaging, supporting and developing local community associations, neighbourhood projects and third sector organisations
	Creating opportunities for developing third sector organisations
Increase in Education and Training Opportunities	Specific opportunities for individuals or groups facing greater social or economic barriers
	Links with local colleges for recruitment and training opportunities
	Proportion of workforce apprentices from local colleges
	Work placements for target groups (eg NEETs,

	ex-offenders)
Reduction in Demand for Public Services	Number of people supported to self-care
	Number of people supported to live independently
	Reduction in avoidable hospital admissions
	Reduction in permanent admissions to residential or nursing homes
Impact of Volunteers	Numbers of new volunteers
Minimise Environmental Impact	Reduction in carbon emissions
	Strategies and targets to minimise travel/food delivery etc
	Use of innovative technology
	Initiatives targeting fuel poor service users