

Contents

	Page
1. Foreword	3
2. Introduction	4
3. Social Value and the Social Value Act	5
4. Social Value in Derbyshire	
• Benefits of a social value approach	8
• Aims, priorities and principles	10
• Key actions	11
5. Our approach	
• Consistency and coordination	14
• Social Value Framework	14
• Good contract management	15
• Measuring outcomes	15
6. Implementing the Strategy	16
7. Further information	16

Foreword

This is a challenging time for the Council as all departments are facing significant cuts to their budgets. Ongoing austerity has resulted in reductions in central government grants (which make up 68% of the Council's budget) and by 2021 it is estimated that the Council will have reduced its budget by £278m since 2010.

Despite these challenges the Council is committed to achieving its ambitious aims and objectives, set out in the Council Plan. This means ensuring that for every pound of Derbyshire money that the Council spends, as much value as possible must be achieved for local people. This principle is reflected in the Derbyshire Challenge which is about how the Council is dealing with the cuts by working more efficiently and looking for new ways of delivering services.

In order for the Council to continue to meet the needs of local people with fewer resources, officers will need to identify better targeted, more innovative and radical service delivery solutions when commissioning services. Maximising social value through the commissioning and procurement of public services provides the Council with a new opportunity to make this happen.

Cllr Andy Botham
Cabinet Member Council Services

Ian Stephenson
Chief Executive

Introduction

This strategy sets out the Council's approach to implementing the Public Services (Social Value) Act 2012 and associated legislation. It recognises the potential that social value has in supporting the Council's overall aims and priorities and its legislative requirements

The strategy describes how social value principles will be embedded across the authority's commissioning and procurement processes and demonstrates how these complement the authority's commitment to working with local people and partners to achieve better outcomes for local communities.

The strategy includes:

- An introduction to social value and the Social Value Act
- The benefits of social value for Derbyshire
- Our aims, priorities and social value principles
- Key actions we will be undertaking
- Our approach moving forward
- Details of how we will measure and report progress

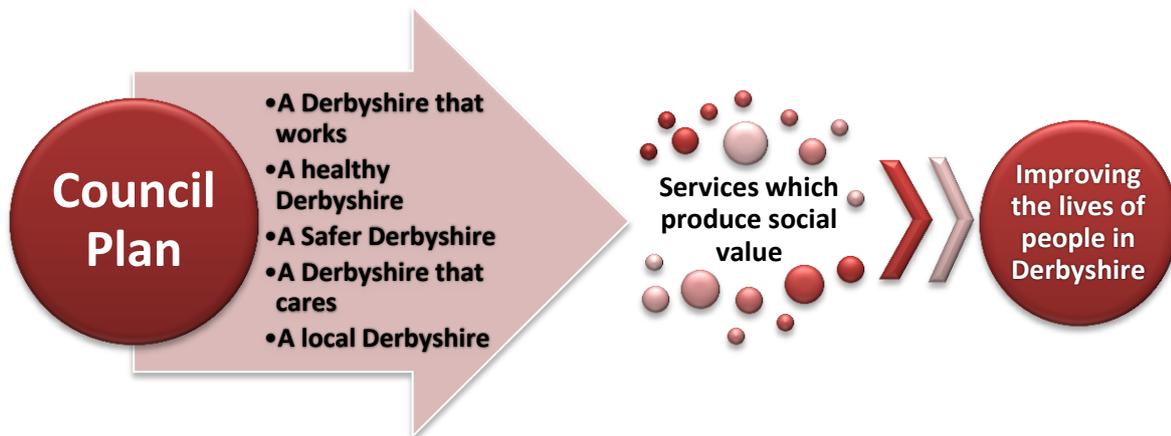
Social Value

Social value is defined in the Public Services (Social Value) Act 2012 as **economic, social and environmental wellbeing**.

A social value approach encourages a way of thinking about how limited public resources are allocated and used to put:

“The benefit to the community of a commissioning/procurement process over and above the direct purchasing of goods and services”

It involves looking beyond the price of each individual contract and considering what the collective benefit to a community is when a public body chooses to award a contract.



Social value is intrinsic to all of the services the Council commissions and procures. All of the services that are delivered by, or on behalf, of the Council in Derbyshire ultimately relate to the Council’s aims of improving the lives of Derbyshire residents. Some commissioned services, such as those provided by voluntary sector organisations for people with mental health problems, already have a clear social value and are closely linked to the priorities in the authority’s Council Plan and other key strategies.

However, even with services of this nature there is an opportunity to do more to produce social value with the authority’s commissioning approach, whether this is ensuring that services are locally based and employ local people, creating apprenticeships, using ethically sourced goods or actively encouraging volunteering.

The Social Value Act

The Public Services (Social Value) Act 2012 came into force on 31 January 2013. The Act places a requirement on commissioners (and procurement officers) to consider the economic, environmental and social benefits of their approaches to the procurement of public services to secure extra benefits for their area when they are buying services. The Act applies to the pre-procurement stage of contracts because that is where social value can be considered to greatest effect. By considering social value before a procurement exercise starts, it can shape both the approach and design of the service required.

In practice the Act means that:

“Commissioners (and procurement officers) should consider Social Value in the planning or review stages of the procurement cycle. Requirements should be included in the advert and it must be weighted transparently in the criteria. Once awarded the requirements should be included in the contract and should be measurable.”

The Act does not require social value to be considered in contracts for goods and works procured by the Council, or in contracts for services beneath the OJEU threshold. **However, the Council will consider the inclusion of social value in all contracts in line with identified best practice elsewhere.** The Council is satisfied that in seeking to procure contracts for the supply of good and works that are economically advantageous to the Council and its inhabitants it is appropriate to take account of the same considerations relating to social and environmental benefits as apply to services. Similarly it is right to apply social value to all contracts for services provided that what is asked for is relevant and proportionate to the value of the contract.

There is not a prescriptive list of what additional social value benefits may be. Instead, the Act states that the commissioning authority must consider:

- a) How what is proposed to be commissioned or procured might improve the economic, social and environmental well-being of the relevant area
- b) How, in conducting the process of commissioning and procurement, it might act with a view to securing that improvement

The Act gives local authorities the freedom to determine what kind of additional social value would best serve the needs of local communities provided that the social value obtained is relevant to the contract. Procurement and commissioning officers might, for example, consider additional value that tackles a key local issue, addresses a gap in

service delivery or strengthens local communities in other ways such as contributing to the local economy. The additional outcomes achieved can be varied and wide ranging from creating apprenticeships or encouraging volunteering, to helping create and strengthen relationships with hard to reach groups within communities or supporting community activity with both physical and human resources. It is important that any social value requested must be relevant to what is proposed to be procured and proportionate to the size of the contract.

The social value approach facilitates a value for money approach rather than lowest cost, shifting the focus from the bottom-line price or cost of a service towards the overall value of the outcomes delivered. As well as what is delivered, *how* a service is delivered is also taken into consideration.

Social Value in Derbyshire

If the Council is to continue to deliver the services that local people need with fewer resources, there will need to be better targeted, more innovative and radical service delivery solutions. Maximising social value through the commissioning and procurement of public services should support the Council in achieving this aim.

Benefits of a social value approach



Embedding social value within commissioning and procurement processes can benefit the Council and local people in a number of ways:

Improved service design and better outcomes – Greater engagement with residents, service users and providers at an early stage can lead to improved service design and better, more sustainable outcomes. As well as helping to achieve the best outcomes for communities and improve the quality of services, a social value approach could also lead to associated benefits across departments and support new providers to enter the market.

Commissioning for social value aims to encourage a wider range of organisations to enter the public services market both by winning contracts and by encouraging partnerships with contractors for delivering services.

Developing innovative ways to deliver services which directly create social value

- There is significant potential to directly create social value from the innovative delivery of services, for example a mental health service could be delivered by an organisation that actively employs people with a history of mental health problems to help deliver the service. Individuals would then not only be more socially included but would have a say in how mental health services are run. This also offers potential for local jobs being created for local people.

Creating additional value – Additional social value can also be created, which is not directly linked to the service being commissioned. For example, the provider might provide equipment for a school playground, support education, employment or training opportunities or alternatively they could change their ongoing behavior, for example, committing to staff volunteering to support a local area or introducing the UK living wage for their employees.

Achieving efficiencies - There are also likely to be more easily measurable savings within the Council through innovative and efficient service delivery. A range of efficiencies can be achieved through the social value approach, both across Council departments and public bodies (although these impacts can be difficult to measure accurately). For example, the creation of employment opportunities can help tackle poverty and deprivation and their associated costs within public spending.

Progress to date

There are a number of examples of commissioning and procurement which have sought to maximise social value across Derbyshire. The County Council has, for example, built questions on social value into Adult Care's tender specification. Consideration of social value aspects have also been included in some Economy, Transport and Communities (ETC) and Public Health contracts.

More recently the Health and Wellbeing Board's voluntary and community sector investment project has explored how the principle of social capital can be incorporated into the commissioning of voluntary services for health and social care services. Recommendations to the Board on taking this forward have focussed on partner agencies adopting the principles of social value within their own organisations and developing frameworks to ensure social value is achieved in commissioning and procurement activity.

Despite good examples across some service departments, activity to date has been limited and the actual value that has been achieved through this activity is hard to measure. Having an agreed strategy and framework for maximising social value through the commissioning and procurement of services in Derbyshire will ensure that there is a consistent approach to this work moving work.

Aims, priorities and principles

To achieve the maximum benefits of a social value approach, the Council needs to formally and consistently consider social value in the decisions it makes when procuring goods and services. Increasing demand for services and ongoing budget reductions mean that it is more important than ever to ensure that for every pound of Derbyshire money that the Council spends, as much value as possible is achieved for local people.

Social Value has great potential to act as a tool to help commissioners seek value for money within a competitive process. By applying a social value approach consistently and proportionately throughout the Council, there is the potential to achieve an optimal combination of quality and value.

The following aims, priorities and principles will guide the authority's approach to social value moving forward.

Our strategy aims

The aim of this strategy is to:

Maximise social value through the commissioning and procurement of public services in Derbyshire.

Our strategy priorities

Our priorities will focus effort on the key actions we need to undertake over the next twelve months to help us achieve our aims.

- **Champion social value through strong and effective leadership**
- **Build and foster a shared understanding of social value within the Council and across partner agencies**
- **Develop and promote the Council's Social Value Framework**
- **Embed social value in the Council's commissioning and procurement processes**

Our social value principles

We are committed to the following principles which will guide every commissioning and procurement exercise that we carry out:

- Working positively with suppliers to deliver the maximum possible social value together
- Supporting the local economy, including through any sub-contracting
- Reducing demand for public services and including appropriate incentives in contracts
- Delivering at a local community level where possible and supporting the Council's work on Thriving Communities approach where appropriate
- Fostering positive relationships between and within communities – communities of place and communities of interest
- Supporting the local voluntary and community sector through our suppliers and contracts
- Providing robust enforcement in cases where suppliers fail to deliver agreed outcomes
- Paying suppliers promptly
- Endorsing and promote suppliers who engage successfully and positively with Derbyshire County Council's social value approach to procurement

Key actions

We will be working hard over the next two years to ensure that the priorities identified in this strategy are delivered and outcomes for local people improved. The following are actions which we will be taking to maximise social value through the commissioning and procurement of public services in Derbyshire:

Champion social value through strong and effective leadership

To achieve this priority we will:

- Ensure that there is a clear vision and direction for maximising social value within the Council
- Engage with Elected Members and Strategic Directors to ensure that a clear and consistent vision is supported at all levels, identifying leads to drive forward work across the authority
- Ensure that the consideration of social value is embedded in the Council's decision making processes, for example in Full Council, Cabinet and Cabinet

Member reports

- Mainstream social value into strategies, plans and broader service developments
- Encourage partner organisations to consider social value in their own commissioning and procurement policies and processes through partnerships such as the Derbyshire Partnership Forum, the Derbyshire Health and Wellbeing Board etc.
- Work with the voluntary and community sector to further develop the Council's approach moving forward

Build and foster a shared understanding of social value within the Council and across partner agencies

To achieve this priority we will:

- Raise awareness of social value across the Council, developing an ongoing programme of communications, engagement and training
- Encourage collaboration on social value activity across Council departments through joint working and the development of joint approaches to tackle priorities and identified needs
- Promote social value activity taking place across the Council as this develops, celebrating success and publicising achievements and outcomes
- Develop a good practice guide with case study examples to share experience and knowledge within the Council and across Derbyshire as a whole
- Consider carrying out training directly with suppliers, where required, to improve understanding of social value in the authority's procurement process
- Improve understanding of the ways in which the voluntary and community sector can more effectively contribute through the social value approach by actively engaging with organisations on a regular basis

Develop and promote the Council's Social Value Framework

To achieve this priority we will:

- Develop a social value procurement framework to set out the outcomes and illustrative measures the Council is seeking to support
- Develop social value procurement guidance which sets out the Council's expectations in respect of maximising social value in contracts to support commissioners and suppliers
- Explore opportunities to establish a Social Value Fund for Derbyshire in liaison with the voluntary and community sector
- Engage with staff, members of the public, the VCS and suppliers to review and refine the approach to ensure that it is relevant and continues to meet identified priorities
- Work hard to find better ways to measure and report on success

Embed social value in the Council's commissioning and procurement processes

To achieve this priority we will:

- Include social value within the Council's commissioning strategies, plans and procedures where appropriate, particularly in contract management guidelines and documentation
- Establish mechanisms to coordinate and monitor information on Council contracts, including a single point of contact for social value within the authority
- Develop networking opportunities for departmental procurement officers to share experience and knowledge, identifying opportunities to improve consistency of approach
- Develop a coordinated and consistent approach to contract management across the Council
- Develop robust monitoring systems for social value contracts
- Explore opportunities to improve consultation with the market, including small businesses and the voluntary and community sector, at the pre-market stage
- Provide more opportunities for SMEs, social enterprises and voluntary and community organisations to network with larger companies to better develop local supply chains

Our approach

In order for the potential benefits of a social value approach to be successfully delivered, there needs to be a consistent and corporate approach to measuring, monitoring and reporting social value achievements and outcomes.

A key element of the Council's approach moving forward will be the continued development of the Social Value Framework setting out the Council's priority outcomes. The Framework will be supported by a corporate approach to the measurement, monitoring and reporting of social value and good contract management.

Consistency and coordination

There is a clear understanding that the procurement of goods and services must remain a competitive process seeking best value for money. Publicising and embedding Derbyshire's approach to social value throughout the Council will ensure that commissioners and procurement officers understand the potential of the approach to provide an effective and innovative value for money tool.

Developing mechanisms to improve consistency and coordination will be a priority as the authority develops its approach to social value moving forward.

Social Value Framework

The Council's Social Value Framework seeks to achieve a consistent and corporate approach to social value moving forward by ensuring that additional social, environmental and economic outcomes are systematically incorporated into the procurement process. The Framework enables commissioning and procurement staff throughout the Council to consistently apply social value when purchasing goods and services.

The Framework clearly states the Council's priorities in relation to social value. For each priority, a number of possible outcomes are identified. Every time a procurement exercise takes place, at least one outcome will be selected from the Framework for inclusion in the contract. The outcomes must be proportionate and relevant to the contract to which they are being applied, meaning that a bespoke approach to social value is taken for each procurement exercise.

Linked to each outcome in the framework is a set of performance measures. These measures provide examples of how performance against the selected outcome might be measured. The list is not exhaustive, and alternate measures will be used if and when appropriate to the outcome selected for the contract.

In the tender process, suppliers are scored on their responses to the questions about how they will deliver against the selected outcomes. The responses of the winning

bidder will then be incorporated into the final contract, and the associated performance measures will be monitored through routine contract management.

Good Contract Management

Contract management enables the Council and its suppliers to meet their contractual obligations at an agreed cost and quality, while good contract management helps to maximise savings and service quality.

It will be essential, once appropriate outcomes have been selected from the framework and included in the procurement contract, that social value requirements are consistently and routinely monitored through an embedded system of robust contract management. By monitoring progress in this way, the Council will be able to keep a record of what additional social value is being achieved. Where suppliers are found not to be fulfilling their social value obligations as stated in the contract requirements, appropriate action will be taken.

Measuring social value

Measuring social value is widely recognised as a challenging task. The main difference between measuring social value and traditional measurement approaches is the need to assess the impact across a wider range of outcomes to take account of social, economic and environmental performance. Whilst articulating social value outcomes can be fairly simple, quantifying them can be much more difficult.

The way in which providers will contribute towards the Council's priorities will be different for each commissioning process and as a result the measurement of outcomes must be proportionate and relevant to each contract.

Broader impacts and outcomes will also be measured. These can be more difficult to accurately capture and as such case studies and narrative accounts will be key in highlighting broader outcomes and preventing such valuable information being lost.

Implementing the strategy

The Council's Corporate Management Team (CMT) and Cabinet Team will be responsible for driving this strategy forward and have been given responsibility for ensuring that progress on social value is made over the next two years. The Corporate Management Team and Cabinet Team are supported by the Social Value Task Group which has been charged with developing specific actions and ensuring the co-operation of colleagues within the authority and across key partner organisations.

The Procurement Officers Group (POG) will play a key role in ensuring that mechanisms are in place to ensure consistency and coordination of approach as well as ensuring social value is embedded in the Council's commissioning and procurement processes.

The action plan supporting this strategy will be monitored and reviewed on a regular basis and Cabinet will be presented with an update on progress on a six monthly basis. The strategy itself will be reviewed on an annual basis to ensure that it remains current and fit for purpose.

For more information

For further details about this strategy please contact:

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