Inspiring & Creating Social Value in Blackpool
Social Value Toolkit
April 2013
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INTRODUCTION

What is this toolkit for?

This toolkit is entitled ‘Inspiring and Creating Social Value in Blackpool’ and this is exactly what we intend to do. It is a clear indication that Blackpool Council is totally committed to maximising the social value and resulting social benefit available from its commissioning and procurement activities.

From its outset our Commissioning Strategy 2012-15 sets out that procurement skills and well planned commissioning are key to attaining the Council’s objectives of securing improvements to service cost and quality. In these economically and socially challenging times it is essential that we secure maximum benefit from the Council’s limited resources and make sure that we tie together the opportunities the Council, business and the third sector have for working together.

The Strategy also outlines commissioning as the process for deciding how to use the total resources available in order to meet that challenge. Commissioning is becoming a prime means of delivering on the aspirations of the Council and the community.

Commissioning, and particularly the procurement process, has not traditionally been seen as an inherently creative cycle of activity. This toolkit acts as an aid in challenging that perception, offering a way forward for commissioning and procurement as a tool to deliver additional social value in all we do.

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

The toolkit sets out different options available to commissioners so they can establish what’s right for them and for those whose needs they are seeking to meet.
What is social value?

The Social Value Act only applies to service contracts above the EU public procurement threshold. The spirit of the Act however applies to all contracts.

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

‘Thinking social value’ should shift the focus from the bottom-line price or cost of a service towards the overall value of the outcomes delivered. It is no longer simply about what is being delivered, how a service is delivered must also be taken into account. Third sector organisations, charities and social enterprises often have elements of social value hard-wired in them. It must be acknowledged that this hardwiring can give them a competitive advantage over private sector organisations when it comes to assessing the overall quality of a bid when it takes account of social value.

What is social benefit?

Defining social benefit is less important than securing it. Social benefit is the outcome of the process of achieving social value. It means different things to different people. As a local authority Blackpool makes decisions on social benefit every single day. Decisions about commissioning a particular service or funding a project in a particular area focusing on a particular need or requirement in the Council area can all create and deliver an additional social benefit.

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

What does it look like in practice?

You can use social benefits to bring long-term good to the Borough in many ways, for example by:

- Encouraging the widespread adoption of a living wage;
- Creating skills and training opportunities (e.g. apprenticeships or on the job training);
- Creating employment opportunities for the long-term unemployed or NEETs (those not in education, employment or training);
- Offering work placements to school children and young adults;
- Providing career advice and information for young people on specific careers, such as construction, architecture or engineering;
- Offering curriculum support to schools, with contractors sharing knowledge and expertise about their discipline;
- Providing additional opportunities for individuals or groups facing greater social or economic barriers.
- Creating supply chain opportunities for SMEs and social enterprises;
- Creating opportunities to develop third sector organisations.
- Improving market diversity;
- Encouraging community engagement;
- Supporting initiatives that target hard to reach groups;
- Making facilities (such as school libraries, leisure facilities or computers) available to targeted groups that otherwise would struggle to access such facilities;
- Encouraging ethical and fair trade purchasing;
- Use of The Chest to ensure full visibility of Blackpool’s major procurement projects and
- Ensuring effective and appropriate third sector engagement.
Why do it, and when?

Because it’s not hard…and because the outcomes are worth it! Social value procurement can make a great difference to people, service delivery and the bottom line.

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

Being successful at getting the best social value from commissioning and procurement is a way of working that needs to be adopted and learned. As you work through this toolkit you should identify one consistent message – in order to successfully secure social value and benefit through your commissioning and procurement processes, you need to think about it from the outset and embed a clear and unambiguous message about your intention to do so every time you communicate with the market.

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

Why is Blackpool Council doing this?

> This is important to us

As we say in our Commissioning and Procurement Strategy, effective commissioning is important because around £100m is spent externally each year commissioning and procuring goods and services from third parties. Getting commissioning right, therefore, is important in order to ensure that we continue to deliver the right services, to the people that need them most and deliver the greatest impact.

> We need to get the best value from our purchasing

To meet the challenges ahead, the Council must transform as an organisation and pursue new, and potentially radical, solutions to make public money deliver even better outcomes. This toolkit is an aid to doing just that.

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

> Social Value policy and legislation

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

The requirements of the Social Value Act are compulsory for all above threshold public services contracts and those public services contracts with only an element of goods or works (it doesn’t apply to public work contracts or public supply (goods) contracts). However, the guiding principles of the Act can be applied to all commissions that the Council undertakes.

The Social Value Act came into being as from a private members bill, as such EU Procurement law will always take precedence. It is important to ensure that EU law is not breached in pursuit of social benefits. Restricting a procurement to local businesses, forcing the winner to employ local labour or other specifications that are materially easier to be satisfied by local / national tenderers than foreign ones are liable to breach EU law. The key is to distinguish measures which prohibit or actively disadvantage foreigners...
(which is unlawful) from steps which **encourage** local participation / benefits to local economy. Examples may include making procurements attractive to SMEs or requiring winning contractors to advertise job vacancies in local job centres.

**The Equality Act 2010** brings new statutory duties to Councils. In the exercise of its functions, the Local Authority must ‘have due regard to the need to; advance equality of opportunity between people who share a protected characteristic and those who do not; eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act and foster good relations between people who share a protected characteristic and those who do not’. Incorporating equality outcomes, where relevant and in a proportionate way, should be a normal part of designing and specifying a service. It is important that they are considered before the procurement process starts. The Council must, therefore, not seek to just assess the implications of all commissioning decisions regarding the risk to groups of people but must look for opportunities, such as social value, to advance opportunities to those people.

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

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

Wellbeing Regeneration, Carmarthenshire, described on page 10, is one such example. What started as a response to a lack of affordable foot care has burgeoned into a thriving social enterprise, identifying and responding to a range of community health and social needs.

The Social Value Act is non-prescriptive, and the extent to which it is taken into account will probably vary from council to council. Blackpool Council wants to embrace social value and, therefore, will ensure social value is not another ‘legislative hoop’ for the Council to jump through.

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

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

Helping the third sector ‘thrive and do more’ means including the sector in all mainstream commissioning and ensuring third sector organisations all have a means of demonstrating the social value of the work they do and the goods they produce.

The section of this toolkit titled ‘The Procurement Steps to Achieving Good Quality Social Benefits’ outlines the commitment Blackpool Council will look to make to integrating social value within the scoring system of award evaluation and under what circumstances a more open dialogue will be appropriate.
We have made a commitment to Corporate Social Responsibility (CSR)

Local authorities are ideally placed to radically improve Corporate Social Responsibility in Britain’s public sector and their combined spending power could help to improve many lives in developing countries.

There are a number of measures that the authority can take to ensure that ethical procurement takes place whilst complying with procurement regulations.

CSR represents a potential tool for us to facilitate investment in local communities through our major providers. This toolkit will enable us to include actions such as providing work experience for local, unemployed people when delivering services or building capacity in local third sector organisations.

We want to deliver sustainable outcomes and meet community needs

The toolkit will help us further our sustainable procurement objectives, which means we can meet the needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis taking into account factors such as price, quality, functionality as well as environmental and social aspects – as outlined in Blackpool’s Sustainable Procurement Code of Practice.

Reducing unnecessary purchasing is the best way to integrate sustainability into procurement. That said the initial stage of the process is where the strongest opportunities to incorporate environment / social factors into the specification.

We want to meet the community needs and so we want to increase the chances of local people benefiting from our activities.

We want to measure social impact – the actual effect of our activities on the local community and well-being of individuals and families. This will be measured, for example,
THINK AND RETHINK WHAT YOU ARE COMMISSIONING

The approach to commissioning

In the Commissioning and Procurement Strategy we outline in diagram form the whole life cycle commissioning and procurement, included overleaf. In the diagram at stage 1 the importance of the use of category management as the starting point of procurement and commissioning exercises is identified.

At each step in the cycle there is a ‘challenge opportunity’ to ensure that social value is considered and embedded. See page 11 for more details.

To deliver real social benefit a commissioner must think differently. That means interrogating ‘what we have always done’, ‘what we are doing’ and asking ‘how could we do it better?’ It may well be that the provider we have used in the past continues to be best placed to deliver again into the future but, together, we should challenge all existing assumptions against the Council’s and the community’s aspirations.
The White Paper on Open Public Services, launched in July 2011, sets out to make sure that everyone has access to the best possible public services and that these services continue to become better. The paper has five main objectives:

- **Working together on category management**
  
  Category Management is a strategic approach to managing all aspects of the commissioning cycle. It works by taking an organisation-wide view of spend and grouping spend of similar products or services into appropriate categories. It represents a structured project management approach to the procurement of goods and services. The approach complements the commissioning cycle and the outcome is to buy more strategically, be more innovative and enable commissioners to get the most out of the market and suppliers.

  In order to get the most social value from commissioning we must, therefore, think and rethink, identifying the ‘challenge opportunities’ in the ‘whole life commissioning and procurement cycle’ which enable all involved to ask the fundamental questions and begin the process of, possibly, ‘re-imagining’ a service. The ‘challenge opportunity’ comes at key points in the cycle. The purpose is to challenge and support the service, and wherever possible, to include service users in that thinking.

  An added value of a category management approach is that other category managers or members of the Procurement Team may encourage the category manager to think beyond their own category and re-envision services across a number of categories. Anything is possible.
Wellbeing Regeneration, Carmarthenshire

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

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

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

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

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<thead>
<tr>
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<th>Ask</th>
<th>Act</th>
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<tr>
<td><strong>Stop</strong></td>
<td><strong>Why are we doing this?</strong></td>
<td><strong>Pause and frame the questions you know you need to ask.</strong></td>
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<tr>
<td></td>
<td><strong>What are we trying to achieve? What outcomes are we looking for?</strong></td>
<td><strong>Look at this process and work out what elements will help you to ’re-imagine’ the service you are looking to procure.</strong></td>
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<td><strong>What lessons can be learnt from previous activity?</strong></td>
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<td><strong>What could this service look like in five years, ten years?</strong></td>
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<td><strong>Is this the best way to achieve it?</strong></td>
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<td><strong>What are the opportunities to add value?</strong></td>
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<td><strong>Can we deliver this better?</strong></td>
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<td><strong>Can we deliver more than this?</strong></td>
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<td><strong>How…?</strong></td>
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<td><strong>Question</strong></td>
<td><strong>Why are we doing this?</strong></td>
<td><strong>Really interrogate the service you aim to procure.</strong></td>
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<td></td>
<td><strong>What are we trying to achieve? What outcomes are we looking for?</strong></td>
<td><strong>You want to get back to the basics about why you are providing the service, what outcomes you want to achieve, how you can achieve them and what else you might be able to achieve on the way.</strong></td>
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<td><strong>What lessons can be learnt from previous activity?</strong></td>
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<td><strong>How…?</strong></td>
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<tr>
<td><strong>Research</strong></td>
<td><strong>What other options exist?</strong></td>
<td><strong>Talk to…</strong></td>
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<td></td>
<td><strong>Who else is doing this?</strong></td>
<td><strong>Colleagues in Blackpool from other service sectors;</strong></td>
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<td></td>
<td><strong>Are they doing better?</strong></td>
<td><strong>• Your local third sector, social enterprises and other providers</strong></td>
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<td></td>
<td><strong>Are they getting better outcomes, more outcomes different outcomes?</strong></td>
<td><strong>• Talk to innovators, entrepreneurs, challengers, and stakeholders</strong></td>
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<td></td>
<td><strong>Can we deliver more for our money?</strong></td>
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<td></td>
<td><strong>Research…</strong></td>
<td><strong>Do the research. Use the internet or contacts to find out what other people are doing. What has worked?</strong></td>
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<td><strong>Think…</strong></td>
<td><strong>Look at case studies, best practice reports, publications, social enterprise guides, mainstream and third sector service provider websites. The example of Social Enterprise Wellbeing Regeneration gives you a flavour of how services can be completely re-thought, and unlikely services paired together.</strong></td>
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<td><strong>Who else could bring a new perspective?</strong></td>
<td><strong>Think…</strong></td>
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<td><strong>Where else could you look?</strong></td>
<td><strong>Who else could bring a new perspective?</strong></td>
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<td><strong>Where else could you look?</strong></td>
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## Ask

**Re-imagine**
- What could it look like if...?
- What could it look like in 5 years time?
- What if...?

**Re-specify**
- Were the outcomes we started with the ones we really want to achieve?
- What does the service really look like now?

## Act

### Get good brains together
Gather together people who are like-minded and those who aren’t like –minded and start storming. Tools to help you talk and think might be:
- Sharing findings from your research
- Visits to innovative service providers
- Visiting speakers with best practice to share and
- Brainstorming workshops – bring in a facilitator or ask someone from another part of the LA or other organisation to facilitate. A fresh eye is usually invaluable.

Go back to the commissioning and procurement cycle and develop a revised needs analysis and set business requirements.
THE PROCUREMENT STEPS TO ACHIEVING GOOD QUALITY SOCIAL BENEFITS

Choose your procurement route

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

Potential bidders should be in no doubt as to what Blackpool hopes to achieve. Our enthusiasm for addressing social need in this way should be clear from our behaviour and our documentation. Good, accomplished bidders will pick up on this and no matter whether you opt to introduce social award criteria or simply impose performance obligations (see the arguments for both on page 16), they will understand the importance of being mindful of this as they seek to progress in the competition. If bidders don’t know how important obtaining social value is to Blackpool, there is little chance of them assisting us in achieving social benefits.

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

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

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

> Social Benefit as Award Criteria or Performance Obligation

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

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

What is important is that in nearly all circumstances it will be possible to seek to secure additional social benefits. Determining that the identified social issue is linked to the subject matter of the contract provides the greatest opportunity to ensure social considerations are at the core of the decision-making process.
However, even if this isn’t the case you still have the opportunity to impose social value within a contract as a pre-determined performance obligation – you just can’t take this into account in the award.

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

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

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

> Which approach to use and when

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

- The value of the contract – only contracts over certain values are subject to the full rigours of procurement law. (At time of publication the thresholds for works, supplies and services are £4,348,350, £173,934 and £173,934 respectively). Contracts falling below the thresholds are not subject to many of the more restrictive obligations. In these cases you have significantly more flexibility to adopt a process which suits your social benefit aspirations and which might make it easier to give credit to bidders who seek to address social issues in their responses;
- The nature of the contract (i.e. what’s it for?) – not all contracts lend themselves to a social benefit approach. For example, it is generally acknowledged that there is limited opportunity to embed social benefits into the procurement of a simple supply contract;
- Whether it is a regulated or unregulated contract – not all contracts trigger the full applications of procurement law. For example, contracts for ‘Part B’ services (even if above threshold) such as for social services, security or restaurant services are all subject to a lighter touch regime. Similarly, contracts for investment, simple land transactions and works and services concessions are all less regulated and, therefore, potentially provide an additional opportunity to adopt a more flexible and commercial approach to the placing of these contracts; and

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

If the contract is a smaller services contract consideration might be given to whether smaller businesses and community or voluntary organisations could deliver it. If this is the case, care should be taken to ensure that such businesses are aware of the opportunity, understand what might be required to tender for it and there are no unnecessary barriers to their involvement in the process.
The following section and diagram (overleaf) describe two main suggested procurement routes: Route 1 – ‘Award Criteria’ and Route 2 – ‘Performance Obligation’, (i.e. contract performance) and the merits of each in terms of trying to get the most social value from a contract.
The Procurement Routes to Achieving Social Value:

Before you can choose the correct route you need to consider what it is you are purchasing, how you are going to do this and what additional benefits you hope to secure. Once you have decided on which route to take you need to feedback results and learning into the commissioning cycle.

### Route 1 - Award Criteria

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

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

- **Reference in OJEU** (Part A services)
  - This is a legal requirement that also ensures bidders are aware from the outset of your intentions. See sample OJEU wording.

- **Test previous experience of delivering social benefits in PQQ**
  - As the social issue is related to the award criteria, it is permissible to test bidders’ experience of delivery on social issues. See sample questions.

- **Craft award criteria, and disclose in ITT/ITPD**
  - Either within the ITT or the invitation to participate in dialogue the social award criteria weightings and method of scoring should be disclosed.

- **Award Contract**
  - All submissions are evaluated and the most economically advantageous tender identified. All commitments made by the preferred bidder including those related to social issues should be reflected in the final contract.

- **Monitor Performance**
  - Having secured a commitment from the contract or to deliver social value, it is imperative that the council manage the successful delivery of these.

### Route 2 - Performance Obligation

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

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

- **Reference in OJEU** (Part A services)
  - This is a legal requirement that also ensures bidders are aware from the outset of your intentions. See sample OJEU wording.

- **Explain Importance in Pre-Qualification Document**
  - Again, this is about ensuring that bidders have no doubt as to the importance of seeing a social return to the council.

- **Disclose Performance Obligations in Tender Documents**
  - Whilst not tested as part of the award decision, the contract clause must be provided to all bidders in order that they can price to deliver these.

- **Award Contract**
  - This contract is awarded to the bidder submitting the draft tender providing they have committed to meet the contractual obligations (including the social performance obligations).

- **Monitor Performance**
  - Having secured a commitment from the contractor to deliver social benefit, it is imperative that the council maintain the successful delivery of these.

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Feed back results and learning into commissioning cycle
Route 1

Award Criteria Methodology

> Pre-procurement market assessment

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

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

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

These measures must be carefully managed to avoid directly or indirectly favouring any contractor and should not be used to avoid the application of the Regulations. Further guidance on widening participation in public procurement is available on the GOV.UK website

(http://www.gov.uk/)

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

> OJEU

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

If the evaluation criteria incorporates social benefits this must be set out in the OJEU Notice. Wording used for this purpose should be framed as broadly as possible to ensure maximum flexibility throughout the process. The following is example wording:

“It is intended that this Project acts as a catalyst for [broadly define the goal of the social benefits]

e.g. regeneration within the Borough of Blackpool]. Accordingly, the [contractor] will be required to actively participate in achieving these objectives and contract performance conditions may relate to social and environmental considerations. The contractor’s technical capability to meet these requirements may also be assessed at the pre-qualification stage and criteria which assess the manner in which the contractor will meet these requirements may also be included within the contract award criteria. Further details will be provided in the [Pre-Qualification suite of documents].”

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

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

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

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

**Environmental Management Policy**

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

**Targeted Recruitment and Training**

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

**Community Engagement**

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

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

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

1. **Specified Requirements**: Where the bidder is required to submit figures and outcomes in a defined manner and this is captured in a contract schedule.
2. **Open Questions**: Where the bidder is presented with challenges that need resolving via open questions for the bidder to develop innovative solutions.
> Specified requirements
A pro-forma method statement asks bidders to state how they will provide the social benefits set out in the award criteria. This is the most straightforward option as it forces bidders to address each of the requirements and can be evaluated using a more structured scoring framework.

The benefit of specified requirements is that you ensure a consistency of response in the tender return. This makes evaluation easier and ensures that bidders deliver to a minimum requirement. It ensures that the outcomes can be transferred easily to the contract. An approach of this type has been successfully utilised across the UK by bodies such as Raploch URC (see case study on page 34).

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

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

The benefit of this approach is that it presents the greatest opportunity for a bidder to use their innovation and expertise to offer something different, to seek to develop solutions which are not formulaic but rather which look at problems from different angles. Such an approach often delivers a greater return generally but also a wider and more diverse range of benefits, many of which could never have been anticipated at the outset.

An open question may be drafted as follows:

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

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

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

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

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

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

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

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

Example of matrix from Raploch URC

> Social Benefit Method Statement

1. Training

1.1 Describe the steps that will be taken to ensure that employed status new entrant trainees will comprise either a minimum of 10% of the person-weeks required to deliver the works or a minimum of 157 (no.) whichever is the greater, and that wherever possible such new entrant trainees will be recruited from Employment Connections, EmployAbility Stirling or another agency named by Landholdings.

1.2 Please complete the Tables below in relation to the whole development and then the next two 12 month periods.

**Total person-weeks to be delivered by new entrant apprenticeships, employed operatives and non-employed trainees (excluding work placements)**
### Meeting Social Benefit through Employment – Raploch URC Matrix

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Labour Requirement</th>
<th>Person-weeks delivered by New Entrant Trainees</th>
<th>Total No.</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total for Contract</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Apprentices</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employed Operatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-Employed Trainees</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>P/Wks</td>
<td>No</td>
<td>P/Wks</td>
<td>P/Wks</td>
</tr>
<tr>
<td>Trades Apprenticeship for Young People &amp; Adults</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed Operatives semi-skilled &amp; unskilled employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total in employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-employed trainees all levels and occupations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total in Employment and Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

- **P/Wks** – A person-week is the equivalent of 1 person working either on site or through a mix of on-site and off-site training. Total person-weeks utilised on the contract to include time provided by management & professional staff, trades & operative staff & ancillary staff.

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

- An **apprentice** is a person that is leaving an educational establishment or leaving a training provider, or a non-employed person that is seeking employment that includes on-site training and assessment or offsite training, or a mix of these.

- An **Apprentice** is a person registered as an apprentice with an industry recognised body. Each apprentice can be counted as a new entrant trainee for up to 104 weeks.
Route 2

Performance obligations methodology

> Pre-procurement market contact

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

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

> OJEU

As noted earlier, one of the keys to success is ensuring that bidders are in no doubt as to the importance Blackpool Council places on securing social value from its investment. Your enthusiasm for this must serve to inspire them through both your behaviour and conduct when engaging with them and as a clear and consistent theme in each and every procurement document.

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

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

> Award / contract management

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

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

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

- The obligation to recruit unemployed persons, or to set up training programmes for the execution of the contract;
- The obligation to implement, during the execution of the contract, measures that are designed to promote equality between men and women or ethnic or racial diversity, or provide equal access to persons with disabilities;
- The obligation to comply, during the execution of the contract, with fundamental human rights (such as the prohibition of forced and child labour) guaranteed by the...
International Labour Organisation (ILO) core conventions, in so far as these provisions have not already been implemented in national law; and

- The obligation to recruit, for the execution of the contract, a number of persons with disabilities over and above what is laid down by the national legislation in the Member State where the contract is executed or in the Member State of the successful tenderer.

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

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

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

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

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

When you get to the stage of managing the contract please go to guidance on page 20.

> The Power of ‘Competitive Dialogue’ in maximising social value

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

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

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

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

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

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

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

Outline of the procedure

In the more regulated procurements, a CD starts with a call for competition by way of a notice in the Official Journal of the European Union. Bidders who express an interest are then asked to complete a pre-qualification questionnaire and selected bidders are invited to participate in dialogue and submit outline solutions. After examining the outline solutions, the authority will conduct a series of meetings (known as “dialogue sessions”) with each bidder individually, where their solutions will be discussed. The authority may hold as many “phases” of dialogue as it chooses and depending on the competition structure, may conduct interim evaluations between the phases and exclude weak bidders. We haven’t gone into detail in this Toolkit but clearly where commissioning or procuring a service which constitutes a Part B Service (for example, health and social services, restaurant services or recreational or cultural services) which is not therefore regulated as strictly as a Part A service (i.e. maintenance and repair, architecture, accounting etc.), the potential is greater to adopt a more flexible procedure which has, at its core, dialogue and direct engagement with bidders.

Benefits of using Competitive Dialogue in achieving Social Benefits

The main advantage of CD to Blackpool is the ability to engage directly with bidders during dialogue. If Blackpool can justify using CD then it can use its dialogue sessions to raise specific issue with bidders, ensuring that they are addressed either in the bidder’s response to the technical requirements or in the contractual documentation as appropriate. By highlighting and discussing clear objectives with bidders, Blackpool could ensure that all bidders are clear on all of the drivers for the project including any efforts to secure social benefits, thereby ensuring that bidders are in a strong position to fulfil them and possibly exceed them. A second advantage of CD is the competitive tension created between bidders during dialogue. A pro-active bidder will not only seek to fulfil the social benefits identified by the authority but will often also attempt to build on the themes presented to create a competitive package, which may exceed the authority’s expectations. As authorities demand more value for money from their suppliers, the ability to demonstrate additional social benefits is a key opportunity for suppliers to differentiate themselves from their competition. A further advantage is that CD is evaluated using the ‘most economically advantageous’ tender criteria, which seeks to identify the best-value tender, taking into account various factors, expressly including social characteristics, placing social benefits at the heart of bidders submissions and the evaluation process.
> Conclusions

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

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

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

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

What follows next is a number of case studies from local authorities or public bodies who have secured social benefit through procurement. There are 8 case studies.

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

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

Over the following pages an overview of 8 case studies is provided giving examples of how the delivery of social value has been sought and achieved through the commissioning and procurement process.

LIVERPOOL CITY COUNCIL - BULKY BOBS
CUMBRIA COUNTY COUNCIL – CORPORATE WIDE APPROACH
WAKEFIELD MET. DISTRICT COUNCIL – SCHOOL MILK
RAPLOCH URC – 10-YEAR NEW HOMES PROGRAMME
WALTHAM FOREST – TRANSPORT SERVICES
BLACKPOOL COUNCIL – RIGBY ROAD HOUSING DEVELOPMENT
BLACKPOOL COUNCIL – QUEENS PARK HOUSING DEVELOPMENT
BLACKPOOL COASTAL HOUSING – DECENT HOMES
LIVERPOOL CITY COUNCIL & BULKY BOBS – CASE STUDY:

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

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

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

HOW SOCIAL VALUE WAS SECURED

The Tender Process

The Council was keen to ensure that social enterprises did not encounter any unnecessary barriers in responding to the tender. To ensure this was the case the Council split the funding for the bulky waste into 2 contracts. The first contract focused on delivering bulky waste removal and recycling and the second focused on the delivery of vocational training for hard to reach people, such as the long-term unemployed, funded by local Neighbourhood Renewal Fund money. Separating the basic service (bulky waste) from the social service (vocational training) made awarding the two contracts more clear-cut and enable Liverpool CC to be transparent about exactly what it was paying for. Bulky Bobs won both contracts and was the most financially competitive bidder.

The contract worked out cheaper than the previous one for the Council, with Bulky Bobs responding to almost twice as many calls per year than the previous contractor. Bulky Bobs benefited from the security of an annual lump sum payment for its service.
LIVERPOOL CITY COUNCIL & BULKY BOBS – CASE STUDY (continued)

WHAT SOCIAL VALUE WAS ACHIEVED?

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

Bulky Bobs now provides services to Oldham and Warrington Councils.
CUMBRIA COUNTY COUNCIL – CASE STUDY:

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

BACKGROUND:

Cumbria County Council has gone further than most Local Authorities in ensuring that it maximises the social, community and economic benefits of all its public sector spending as a matter of course. In 2006 the Council took part in a national pilot by the North East Centre of Excellence and the Office of the Third Sector (Cabinet Office) to look at the wider use of social issues in procurement. Under this project the Council aimed to secure social value by ensuring that social clauses were used in every appropriate contract. At the same time the Council worked to increase the third sector’s capacity to respond to public sector procurement opportunities. A Third Sector Programme Manager was appointed to lead the work. The appointment has continued after the end of the pilot and the Council continues to strive to ensure its spending delivers social benefit.

HOW SOCIAL VALUE HAS BEEN SECURED:

- The Authority has a dedicated champion of social procurement whose role is to build up a core of expertise within the Council’s Procurement and Community Units and increase awareness across the Council and the wider Cumbrian procurement community on the value and use of social clauses. The long-term aim is that all those involved in service commissioning and procurement recognise the value of a social benefit approach and take responsibility for incorporating it into appropriate contracts.

- The Council’s Contract procedural rules outline an expectation that social clauses will be included in the contract specification where appropriate and the tender specification will include social elements in its evaluation criteria.

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

EXAMPLE 1:

CHILDREN’S CENTRES:

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

- The Third Sector support other third sector/community organisations in receipt of resources (eg use of Voluntary sector buildings and services)
- Collaborative working with third sector organisations
- Volunteers involved
- Volunteers trained
- Added value – complementary services being delivered to the community in parallel to the contract

Whether service providers deliver these social benefits is assessed as part of the ongoing service monitoring processes. No social benefit data collection procedures have been put in place.
EXAMPLE 2:

MONEY / DEBT ADVICE SERVICES:

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

Tender Documentation Extract:

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

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

Contract Award – The contract was won by Citizens Advice Cumbria. Volunteers deliver the service and receive training that equips them for paid employment. It uses community venues for outreach delivery.
WAKEFIELD METROPOLITAN DISTRICT COUNCIL, THE YORKSHIRE PURCHASING ORGANISATION (YPO) AND FRESH PASTURES – SCHOOL MILK CASE STUDY:

PROVISION OF SCHOOL MILK:

BACKGROUND:

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

HOW SOCIAL VALUE WAS SECURED:

The Tender Process:

In 2007 contracts for the provision of fresh milk with YPO, a purchasing consortium for local authorities, were due for renewal. Wakefield Council was keen to work with YPO to establish new contracts that took account of sustainability issues. YPO and Wakefield Council procurement team worked together to develop a procurement process that recognised social benefits. 5% of the total award criteria were based on sustainable and community focused benefits. They also aimed to ensure a range of suppliers could bid by:

- Holding a tender clarification session where they responded to questions around the tender process and specification
- Holding engagement events across the business community to raise awareness about procurement opportunities and give non-traditional contractors support and guidance on the procurement process
The Social Enterprise Support Centre also helped third sector organisations to develop their tendering skills.

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

**WHAT SOCIAL VALUE WAS ACHIEVED?**

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

**Social** – employment policy

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

**Economic** – local produce, community focus.

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

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

BACKGROUND:

Raploch is one of the most deprived places in the Forth Valley. Industrial decline saw unemployment rocket to 75%. Raploch URC was set up in 2004 to lead the town’s regeneration. Because of the dearth of employment opportunities Raploch URC recognised that the town’s physical regeneration was inseparable from the need to create local employment and skills opportunities. It therefore pioneered the use of social value clauses to ensure that any contractor or developer would provide a set number of training and employment opportunities over the life of the project. Raploch URC commissioned the R3 consortium to build 900 homes in the area over a 10-year period at the same time delivering a range of social benefits.

HOW SOCIAL VALUE WAS SECURED

The Tender Process: Raploch URC ensured that social benefits were woven throughout the tender process. The procurement was undertaken by Stirling Council on behalf of Raploch URC and included a power to promote or improve the well-being of its area and persons within its area.

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

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

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

Tender Documentation: The tender documentation continued to emphasise the importance of social value.
RAPLOCH URC – CASE STUDY (continued)

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

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

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

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

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

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

This ensured that a range of people were provided with the opportunity to access employment. Bidders were also asked to demonstrate in their method statement their monitoring and reporting plans for the relevant social benefits as well as how they will ensure sub-contractor compliance, and insurances. These elements look ahead to the monitoring and reporting clauses in the contract.
A disclaimer was also included to ensure that Raploch URC could not be held responsible for any failures on behalf of contractors to deliver on social benefits.

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

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

Contract clauses were drawn up using the Method Statement. This ensured that there was continuity between the benefit requirements set out in the OJEU Notice all the way through to final contract. The inclusion of monitoring and reporting method statements provided a framework for how social benefits would be monitored.

WHAT SOCIAL VALUE WAS DELIVERED?

Through the procurement process, the successful developer, R3 signed up to:

- 225 training and employment new entrant places over the 10-year programme;
- Support and mentoring for small businesses;
- Ring-fencing £2 million for suitable sub-contracting works
- Support and mentoring for social enterprises - £900k ring-fenced to take forward projects.
WALTHAM FOREST – PROVISION OF TRANSPORT SERVICES CASE STUDY:

BACKGROUND:

In September 2011, the London Borough of Waltham Forest was looking to re-tender a seven year contract for the provision of transport services. The contract included Special Educational Needs transport and adult day centre transport, as well as other local services.

HOW SOCIAL VALUE WAS SECURED:

In designing the tender, Waltham Forest’s procurement officers wanted to make sure they got as much value out of the contract for local residents as possible. To help evaluate the all-round contribution of potential providers, they included a question in the tender asking bidders to demonstrate how their operational model could contribute to efficiencies and gave added value to the service. This question counted for 10% of the final contract score and gave all bidders the opportunity to think about how they could achieve a wider impact from their services for the local community.

The contract was won by HCT Group, a social enterprise founded in 1982 in Hackney, and now runs transport services in a number of London Boroughs as well as elsewhere in the UK. As a social enterprise, providing community value is central to how HCT Group operates, with a focus on helping the most marginalised to access transport services and creating employment opportunities for those furthest from the labour market. However, all too often there is no opportunity for them to demonstrate this in bids for contracts.

The fact that Waltham Forest’s contract included a scored question about added value gave HCT Group the space to set out the additional social impact of their approach, explaining that any profits they made on the contract would be re-invested into a learning centre that would provide training for long-term unemployed people in the borough. HCT Group was therefore able to score very highly on this section, contributing, along with their competitive pricing and high quality delivery model, to the contract award.
BLACKPOOL COUNCIL - RIGBY ROAD HOUSING DEVELOPMENT CASE STUDY:

BACKGROUND:
During 2012 Blackpool Council undertook a competitive exercise to appoint a development partner to deliver a £50m distinctive residential-led neighbourhood scheme in the Rigby Road Area of Blackpool. The development partnership includes delivery of 400 new homes to appeal to a range of families and smaller households and development of new public open space to introduce green infrastructure to the urban area. The appointed bidder was Hollinwood Homes.

HOW SOCIAL VALUE WAS SECURED:
As part of the PQQ process the following question was asked in order to determine Bidders attitudes to delivering social benefits.

Please provide details of contracts carried out recently (within the last 5 years) or currently ongoing, by the Organisation of a similar scale or nature to those which are involved here in Blackpool. Organisations should provide details of experience in the following areas:

- Provision of local jobs and training including apprenticeship / work experience and examples of local labour market and supply chain co-ordination
- Other benefits including approach to corporate social responsibility, sustainability, travel plans etc....

Further at ITT stage a response to the following method statement is requested:

Maintenance, Management and Legacy Strategy: This requires a response which describes your approach in leaving a lasting legacy, both in terms of the management of physical assets and how you intend to maximise the cultural and economic benefits for the people of Blackpool. This may include but is not limited to local labour schemes and apprenticeships.
BLACKPOOL COUNCIL - QUEENS PARK HOUSING DEVELOPMENT CASE STUDY:

BACKGROUND:

Queens Park is a Blackpool Council-owned housing estate located in a prominent and convenient position only a short distance from the town centre and the beach. The estate covers an area of 2.97 hectares and currently consists of 495 residential units in 5 tower blocks and a number of lower rise blocks. A decision has been taken by the Council to comprehensively redevelop the estate into a safe and attractive place inhabited by a balanced and sustainable community. Over a period of approximately 7 years the whole estate will be demolished in phases and replaced with low-rise housing, public and private spaces and community facilities.

HOW SOCIAL VALUE WAS SECURED:

At ITT stage the requirement to achieve local benefits has been made clear to bidders.

The redevelopment of the Queens Park estate represents a wonderful opportunity for Blackpool residents to take advantage of any apprenticeships and training opportunities that the project can generate. The Council has existing strong links with local organisations including ‘Blackpool Build-up’, Blackpool & Fylde College and Lancashire County Council who provide training and development and which can be drawn on to provide potential candidates.

The Council is keen that Queens Park residents should have access to any employment or training opportunities available, including those of a much more informal or voluntary nature, and that their skills and experience can be tapped into.

The Council has a preference that developers should use Blackpool Council’s Building Control service, and will expect Bidders to indicate their willingness to do so.

The contracts between the Council and the selected developer will set out the opportunities that have been agreed between them at Stage 2 Bidders should provide an indication of their training / employment proposals for this particular project in their submissions.
BLACKPOOL COASTAL HOUSING - DECENT HOMES CASE STUDY:

BACKGROUND:

Blackpool Coastal Housing was established in 2007 by Blackpool Council to manage and maintain the Council’s 5,500 properties. The stock of occupied dwellings will be upgraded to a minimum national standard with respect to kitchens, bathrooms, electrical re-wiring, central heating, flat to house conversion & external works. The total anticipated value of the works is in the region of £57.9million.

HOW SOCIAL VALUE WAS SECURED:

The specification for the Decent Homes contract draws out the importance to Blackpool Coastal Housing of delivering social benefits with a partner.

The Partnering Experience:

A crucial element of Blackpool Coastal Housing’s vision is to deliver the work with the employment of local labour and to support and develop local skills to take advantage of employment opportunities. Therefore Blackpool Coastal Housing are instrumental in implementing a partnership with their Partnering Contractors and the Local Enterprise Growth Initiative (LEGI – Build Blackpool Up) to help support significant numbers of long term unemployed people to gain qualifications for the first time, and work on the improvement programme. Over the last four years Blackpool Coastal Housing and their partners have consistently employed over 80% local staff on their contracts using over 50% of direct local labour and over 30% subcontracted local labour.

Blackpool Coastal Housing’s Partnership approach goes beyond just service delivery. They have a mission to support the Blackpool economy in these difficult times and, with our partners, actively encourage the use of local labour. Blackpool Coastal Housing has an expectation that their Partners will adopt the same ethos in relation to the employment of local labour. This is demonstrated by the awards that Blackpool Coastal Housing and the Partners are consistently achieving i.e. 2009: Housing Excellence – Partnering Scheme of the Year; 2009: Northwest Regional Construction Awards – Local People Local Jobs; and 2011: Northwest Regional Construction Awards – Lancashire Local Economic Award for Blackpool’s Partnership Working.
Partnership working is embedded at all levels of work in Blackpool Coastal Housing. There are regular meetings to review all areas of service delivery and bring best practice to the table to ensure that everyone benefits from shared learning.

At ITT stage the extent to which potential Partners are able to work to this ethos is explored through Method Statements;

Refer to how you will specifically resource local labour for this contract, a justifiable argument for the number of apprentices you anticipate employing per £m and how you intend to maintain this level.

You should provide the following information:

- Robust reasoning for your assumptions based on the value of works tendered for;

- A brief description for each example of Community Benefits and / or Added Value with quantifiable savings and / or efficiencies identified and;

- Evidence of how shared working practices, supply chain economies and local labour, etc will identify savings to the client and how you intend to pass these savings on.