



# Social Value Policy

2022 - 2025

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# Introduction

The purpose of this policy is to ensure that Social Value principles are applied in a way that enables the Council to maximise economic, social and environmental benefits for Sefton and its residents.

Social Value can be explained as a commitment to using our influence and spending power to help drive inclusive economic growth, improve the local environment and address inequalities while ensuring the best possible value for money when purchasing goods and works. By adopting this Social Value policy, the Council is confirming its commitment to local and national supply chains that it wants to do business with suppliers who have a strong people, environmental and ethical focus within their business.

## Legislation and Policy Context

When the Council awards contracts, the Public Services (Social Value) Act 2012 legally obliges it to consider how procurement and delivery of contracts might secure additional Social Value for Sefton. This legal obligation, however, applies only to high-value contracts that are predominantly for services, not to supplies or works. The Council has chosen to go beyond this. Firstly, it seeks to apply the principles in the Act to all procurement decisions, including supplies and works. Secondly, it aims to secure additional Social Value from other types of decision.

The Council employs over 3500 people directly and many more people are employed by providers of its commissioned activity.

This policy is complemented by several initiatives and policies including the Council's commitment to mitigating the impact of climate change, the Treasury Management Policy and Strategy (which covers ethical investment), commitment to eradicate Modern Slavery, Staff Volunteering Policy, the Digital Strategy and commitment to Sefton Crowd.

## Our Objectives

The Council wishes to:

1. Grow an inclusive and resilient Sefton economy, by engaging local suppliers and thereby encouraging re-spend within the Sefton economy, supporting micro and small businesses, social enterprises including charities and co-operatives.
2. Increase the number of jobs in Sefton and create a local employment opportunity programme for the long-term unemployed, economically inactive and other underrepresented groups in the Sefton labour market.
3. Improve living standards and enhance the wellbeing of our residents by promoting socially responsible criteria for suppliers.
4. Promote environmental sustainability by implementing environmental improvements, supporting reductions in waste and carbon emissions, supporting energy efficiency, and assisting the use of materials from renewable and sustainable sources within Sefton and our supply chain.

5. Support fair and ethical trading in the supply chain, including full compliance to Human Rights legislation and Modern Slavery Act, whilst expecting our suppliers and contractors to demonstrate the same standards of [commitment](#).

The Council will use its influence and leadership to deliver on these broad Social Value commitments by putting in place community, procurement, operational and financial activities to realise the following:

- Support for community initiatives about how to improve their financial position to gain funding via the UK's leading civic crowdfunding and other opportunities
- Encourage and support suppliers to operate and provide goods and services to offer maximum social, environmental and economic benefits to Sefton communities
- Encourage suppliers to prohibit the use of Zero Hour Contracts
- Review our Social Value scoring and weighting in tenders
- Commit to prompt payment of suppliers and encourage our suppliers to pass this on throughout the supply chain.

## Social Value in Procurement

The Council's procurement procedures and processes will incorporate social Value assisting in the:

- Development and implementation of social value in all procurement activity;
- Introduction of progressive measures to support the local supply chain;
- Increasing the capacity of the local supply market; and
- Ensuring spend assists in boosting the local economy.

While seeking to achieve the best possible commercial outcomes from our procurement systems and processes, it is also our aim to ensure our purchasing of goods, services and works contributes to making a positive difference to local people and communities in Sefton. It is evident that the more the Council spends in the borough, the more our residents and communities will benefit. The approach is to focus on improving local competitiveness by being inclusive with local micro and small businesses whenever possible. This approach is essential to bring local businesses with us in partnership and ensure their involvement in contributing towards a sustained recovery from the Covid-19 pandemic.

### a) Social Value in Procurement – Making It Happen

The Council has a contractual arrangement with Social Value Portal (SVP). This organisation is a specialist in their field where their Portal tool allows the Council and its supply chain to better scale and provide the data needed for measuring, managing and reporting the social value unlocked for the community of Sefton. Our data capabilities and collaboration with SVP contributes to the further development of solutions to support, benchmark and measure environmental, social and economic activities as Social Value practice matures across sectors. As the Council identifies and measures the progress of additional Social Value delivered through our procurement activities in terms which are meaningful to our communities, the Council expects to have demonstrable social, economic and environmental impact.

### b) Social Value Weighting

The Council has already ensured Social Value features in tenders weighting ratios. To date, the Social Value scoring is based on 10% of the scoring matrix. In future the Council will apply a Social Value weighting to a maximum of 15%. It may be necessary to test certain markets to understand what the appropriate Social Value weighting might be. This is likely to be appropriate when considering the impact of Covid and post-Covid commercial environments. Weighting will be reviewed regularly to ensure Social Value continues to represent a meaningful element of the evaluation criteria and award outcome.

### c) Minimum Scoring Threshold

In line with our commitments and ambitions for delivering social value through procurement, the Council will ensure that a minimum social value threshold to the Social Value weighting is applied as follows:

Social Value Weighting	Minimum Scoring Threshold	Minimum % Scoring Threshold
10%	7 out of 10	70%
15%	11 out of 15	75%

Each Social Value offer by suppliers will be risk/quality assessed to ensure it is achievable and meets expectations. A supplier which fails to meet these minimal Social Value scoring thresholds following evaluation will result in their bid being excluded from the tender process.

It is important suppliers and contractors support the implementation of these requirements. To have a clear understanding of our objectives, as well as the legislative requirements, a level of consultation and upskilling is required on the topic of Social Value, with the small business community in particular.

#### **d) Social Value as a Hygiene Factor in Tendering**

In some cases, rather than being a scoring criterion in assessment of tenders, Social Value outcomes may be included as a Pass / Fail item – meaning that Social Value is treated as a “hygiene factor” (as such areas as financial standing and Health and Safety may be considered) rather than as a “differentiating factor” (which is the scoring approach above).

The appropriate Executive Director will approve the proposed methodology for measurement of Social Value in tenders.

#### **e) Commitment to Continuous Social Value Improvement**

The implementation of this policy and associated processes will raise awareness of social value with suppliers and service providers through further dialogue and contracted commitment throughout the life of each contract. To ensure the impact of supply chain involvement is a process of continuous improvement, Social Value will be mandated as the top agenda item at contract review meetings. Social value will be itemised in contracts for which the dates of review meetings will be listed in the body of each supplier contract. At each contract review a statement of progress by the supplier will be required to log progress and measure the impact of social value contributions to the original tender commitment. This methodology ensures social value is an integral part of the procurement and contract management process, where the commitment of the supplier is tracked for the life of the whole contract.

Social Value approach and outcomes will be a specific area of the lessons learned process at the end of all contracts.

The process described provides evidence of a broader and more progressive approach to procurement process management.

#### **f) Implementing and monitoring the Procurement Policy**

##### **i. Social Value Measurement Framework**

The National Social Value Measurement Framework will underpin and empower the objectives of this policy, by allowing the Council to unlock, measure and report the social value provided by our suppliers during the provision cycle.

The Measurement Framework is also known as the “National TOMs” because it is built around a set of Themes, Outcomes and Measures, and in recent years has become the most used framework in the UK. The National TOMs were launched in 2017 by the National Social Value Taskforce, chaired by the Local Government Association (LGA), with over 40 members from organisations representing central and local government, the private sector and the third sector.

The National TOMs provide a flexible, measures-based calculation framework designed to articulate Social Value outcomes in terms that can be objectively assessed. It was conceived and developed to be evidence-led and applicable over the ‘whole life’ of a contract or single purchase, as well as throughout the provision cycle.

ii. Sefton Metropolitan Borough Council TOMs

Theme	Outcome
<b>Jobs: Promote Local Skills and Employment</b>	More local people in employment
	More opportunities for disabled/disadvantaged people
	More opportunities for care experienced young people
	Improved employability of young people
	Improved skills
<b>Growth: Supporting Growth of Responsible Regional Business</b>	More opportunities for local MSMEs and VCSEs
	Improving staff wellbeing and mental health
	Reducing inequalities
	Ethical Procurement is promoted
	Social Value embedded in the supply chain
<b>Social: Healthier, Safer and more Resilient Communities</b>	Creating a healthier community
	Vulnerable people are helped to live independently
	More working with the Community
<b>Environment: Decarbonising and Safeguarding our World</b>	Carbon emissions are reduced
	Air pollution is reduced
	Safeguarding the natural environment
	Sustainable Procurement is promoted
<b>Innovation: Promoting Social Innovation</b>	Social innovation to create local skills and employment
	Social innovation to support responsible business
	Social innovation to enable healthier safer and more resilient communities
	Social innovation to safeguard the environment and respond to the climate emergency

### iii. Implementing the TOMs

#### 1. Threshold Assessment

Conduct a threshold assessment based on the estimated spend during the contract or purchase's whole lifecycle and, if above threshold, determine whether the tender exercise should be run using the lower or upper tier of evaluation weightings for social value.

If there is an exceptional requirement for a waiver, it is necessary to prepare an appropriate business case, and apply to the relevant authority for authorisation.

#### 2. Final Options and Business Case

This phase seeks to identify the instances in which the Council should either deliver services itself, procure services from an external provider or follow a strategy somewhere in-between these two options. Consideration of securing Social Value through a procurement plan will be required for instances where external providers are required.

- **Sourcing Plan:** Pre-market engagement and any consultation requirements should be considered here, with the aim of identifying the appropriate, relevant and achievable elements of Social Value that could be delivered through the life of the contract. It recommends, when feasible, Departments consult with communities affected by the procurement to identify the most logical and beneficial way to promote Social Value.
- **Authorisations:** Follow the relevant authorisation routes for the options paper and/or the sourcing plan as set out in the Provision Cycle, ensuring that the social value elements are signed off at the same time as the overall document being reviewed.

#### 3. Tender Document Preparation and Tendering

- **Evaluation Weightings:** Informed by best practice across authorities in England, having analysed our recent years of spending and aligned this policy with the Councils' Corporate Plans, our evaluation weighting and thresholds reflect the biggest potential that can generate meaningful value creation:
  - For contracts above £100,000 GBP (goods, works, services), a minimum of 10% social value evaluation weighting will be applied.
  - For contracts above Public Procurement thresholds (goods, works, services), 10% to 15% Social Value evaluation weighting will be applied.
    - Exemptions within this threshold may exist, such as for tender frameworks with fixed evaluation weightings.
  - As above (see section "Social Value as a Hygiene Factor") tenders may include Pass / Fail criteria and / or minimum standards, rather than a weighted scoring approach. However, the measures in the TOMs framework will be used irrespective of approach.
- **Bidders:** Based on the Council's TOMs framework, bidders will be required to propose credible targets against which their performance will be monitored.<sup>1</sup> It is important for bidders to understand the specific requirements set out in the Invitation to Tender (ITT) documents for which guidance will be provided.

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<sup>1</sup> Please note that the Council is not being prescriptive as to which TOMs measures are being sought from bidders by way of Social Value proposals. Bidders are free to choose those measures that are proportional and relevant to their business and to the specific contract. However, a key success factor for bidders will be their ability to deliver against the commitments they have made.

- **Prioritisation:** Prioritisation may be given in the Council’s Social Value tender requirements to certain social value measures that provide the most benefit according to the local area’s needs and deprivation.
- **Evaluation:** Social Value bid evaluation is both quantitative (TOMs) and qualitative (supporting delivery statement for each measure). Scoring the quantitative and qualitative evaluation (as explained in Section 3) ensures targets are deliverable:

Quantitative	Qualitative
<p>The quantitative Social Value score will be calculated using the formula below:</p> $\frac{\text{Bidder's total social value of fer}}{\text{Value of the highest social value offer from all bidders}} \times 100$ <p>The bidder submitting the highest Social Value offer will be scored 100% for this section. All other bidders will be scored in relation to the highest Social Value offer.</p>	<p>Bidders must accompany input target figures for specific Social Value measures with a rationale for each Social Value proposal in the Description/ Evidence Box on the form which demonstrates that they have credible processes in place to deliver what is being offered.</p>

The way in which these proposals will be scored as part of the tender process will be completely transparent and suppliers will know how their Social Value proposals will be evaluated by the Council. For additional guidance see the Useful Links section below.

- **Supplier Debrief and Feedback:** Follow the relevant supplier debrief and feedback process as set out in the Provision Cycle, according to the total contract spend value. Ensure that the Social Value scoring and reasons are included within the overall feedback as appropriate.
- **Business Award and Contracting:** At the conclusion of the tender process, the business will be awarded to the winning bidder and a formal contract will be agreed (except in the case of single purchases, where instead a short set of terms and conditions may be agreed between the parties). In any case, the contract or agreed terms and conditions shall incorporate the Social Value commitments made as part of the winning bidder’s response. For a contract, this will likely take the form of a schedule, located after the contract’s signature page.

#### 4. Contract Management

Responsible Officers will monitor Social Value commitments, with agreed reporting periods to track progress ensuring commitments are undertaken in their entirety and using the Council’s leverage when suitable to support delivery.

The Council will seek to hold suppliers to all their contractually specified social value commitments and these will be treated like any other commitment specified in the price or quality component of the supplier’s bid submission. In the event of a supplier being unable to deliver one or more of their social value commitments, the Council will permit the supplier, subject to agreement and authorisation, to deliver one or more suitable alternative social value commitment(s) which will be allocated similar and appropriate weighting.

### Social Value in decision making

The Council will consider how Social Value can be delivered as decisions are being made. Some key principles to be considered when making decisions are that Social Value measures should be:

- aligned to the Core Purpose

- part of our co-production and consultation and engagement with communities and other stakeholders
- accessible and inclusive
- transparent and consistent
- considered in recruitment and training processes

## Monitoring Progress and Results

To communicate this Policy's performance and progress to all stakeholders, the Council will release an annual Social Value Statement from 2023 to outline key areas of focus, future targets, operational procedures, successes and to communicate key messages to staff, partners, suppliers and other locally based organisations impacted by our Social Value performance.

## Governance

Cabinet Member Regulatory, Compliance and Corporate Services and the Procurement Business Partner with the lead for Social Value and will monitor this policy, with support from the Procurement team and officers from across the Council.

The Council will periodically review this Social Value Policy. In doing so, it will take account of any changes in legislation pertaining to the Public Services (Social Value Act) 2012, Public Contracts Regulations 2015, the Local Government Act, EU Regulations for as long as these remain applicable, and any changes to the Council priorities when it is reviewed.

## Useful Links

- [The National TOMs: The Nationally accredited measurement framework for measuring Social Value through partnership with the LGA](#)
- [Short films from the Local Government Association on how to use the TOMs](#)
- [Guidance document for Bidders: Social Value Portal's bidder guidance](#)
- [National Social Value Taskforce: An open network which welcomes any organisation to get involved](#)

