

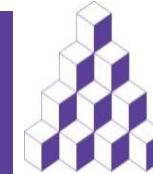
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# Social Value Training Materials

March 2015

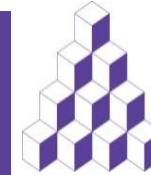
# CONTENT



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# LEARNING OUTCOMES



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This presentation is designed to provide Commissioners and Procurers from Greater Manchester authorities with a better understanding of social value.

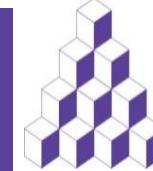
**By the end of this presentation you will be able to define social value and understand:**

- The Public Services (Social Value) Act 2012 and the duty it places on local authorities;
- Why social value is important;
- The impact that social value can have on the local community;
- Greater Manchester's approach to social value; and
- How social value can be incorporated into commissioning and procurement activity.

# SECTION 1

## SOCIAL VALUE - THE BASICS

# WHAT IS SOCIAL VALUE?

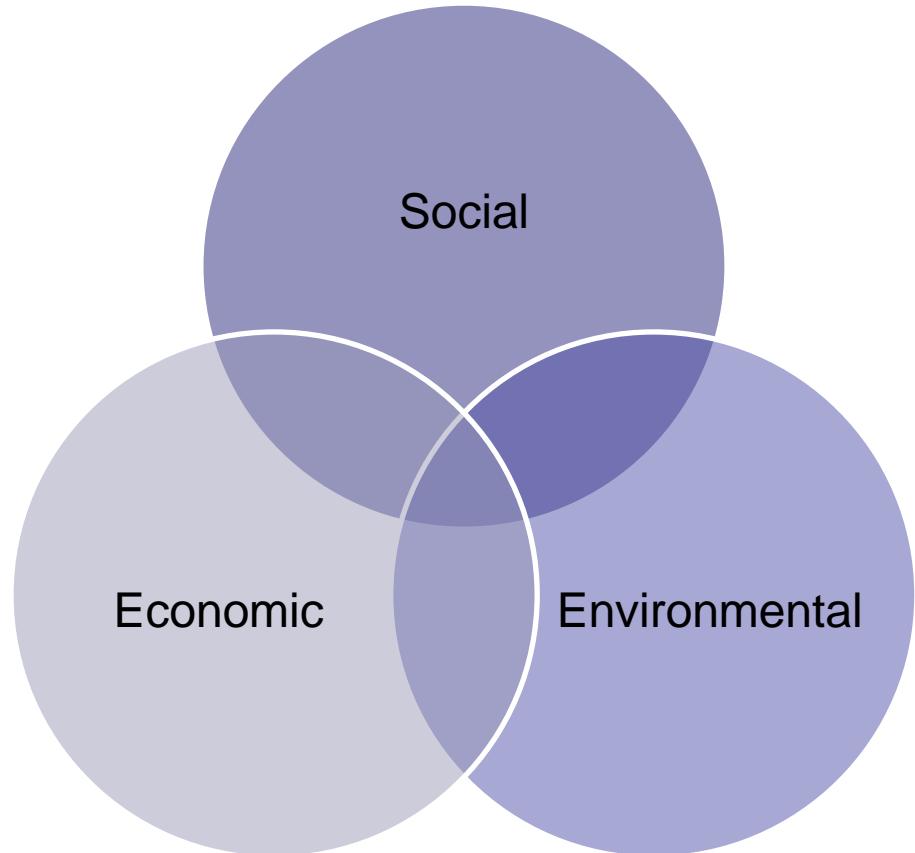


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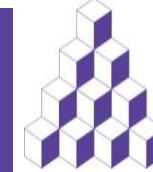
## Social Value is defined as:

*"A process whereby organisations meet their needs for good, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment."*

*Sustainable Procurement Taskforce (2006)*



# WHAT IS SOCIAL VALUE?



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Whilst the term “social value” is relatively new, the concept underpinning it is not.

Social value is about

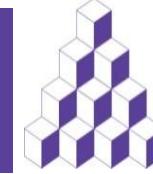
*“Seeking to maximise the additional benefit that can be created by procuring or commissioning goods and services, above and beyond the benefit of merely the goods and services themselves”.*

*Best Value Statutory Guidance (2011)*

*“Focusing upon social value alongside other factors drives more efficient and effective services in the long-term”*

*Cabinet Office Press Release (31<sup>st</sup> January 2013)*

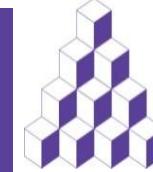
# WHAT IS SOCIAL VALUE?



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- The Local Government Act (1999) sets out a general duty of Best Value for specified local government organisations to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”
- Under this duty, local authorities should consider overall value including economic, environmental and social value, when reviewing service provision. This duty influences the way in which local authorities assess the value of goods and services being delivered.
- In 2012, the Government introduced legislation that asked local authorities to go one step further by considering the economic, social and environmental improvements that could be achieved through the procurement of public services above £172,514 (*correct as of March 2015*).

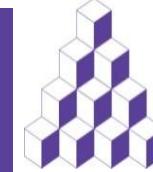
# SOCIAL VALUE STATUTORY DUTY



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- The Public Services (Social Value) Act 2012, places a statutory duty on local authorities to consider:
  - How proposed procurement activity can improve the economic, social and environmental wellbeing of the relevant area;
  - How in conducting the procurement process, these economic, social and environmental improvements can be secured.
  - Whether to consult with stakeholders and service users about this.
- This consideration must take place **before** the procurement process starts. In most cases, Commissioners will be best placed to do this.
- *It is important to note that the Greater Manchester Combined Authority (GMCA) has adopted an approach where authorities should consider social value for all of its procurement exercises including goods, works and services (irrespective of value) as long as it is relevant to the proposed procurement, and proportionate (i.e. something bidders could realistically be expected to provide).*

# SOCIAL VALUE STATUTORY DUTY



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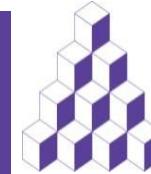
- The Public Services (Social Value) Act 2012 adds a duty to what is already a power under EU legislation:

*“The obligation to accept the “Most Economically Advantageous Tender” (“MEAT”) expressly includes considerations of price, quality, and social value and the European Commission has emphasised the permissive nature of the rules and the appropriateness of their use for social policy objectives.”*

*Public Services (Social Value) Act Review (2015)*

- The Public Services (Social Value) Act 2012 states that only in exceptional circumstances, where there is an urgent need to arrange procurement and it is impractical to consider the above social value requirements, will the local authority be permitted to disregard its duty under the act.
- Unnecessary delays by the local authority will **not** be regarded as sufficient grounds for non-compliance.
- Unsuccessful bidders and Contractors who believe a local authority has failed to meet its ‘social value’ duty, can log a complaint with the Cabinet Office’s Mystery Shopper Scheme. The Cabinet Office will then challenge the local authority and ask them to provide evidence demonstrating compliance.
- The Cabinet Office also carry out spot checks to ensure local authorities are meeting this duty.

# WHY IS SOCIAL VALUE IMPORTANT?



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**Collaboration and Co-Design** - The Public Services (Social Value) Act 2012 provides Commissioners, Procurers, Service Users, Key Stakeholders and Suppliers with an opportunity work together (through consultation) and think creatively about how to meet growing demand, whilst also obtaining improvements for the local area.

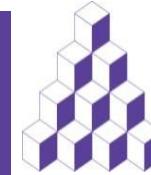


**Budget Management** - The public sector is currently working under tighter budgetary constraints and is expected to meet the increasing demands for public services and goods with less government funding. Social value can help Commissioners to obtain the most value for every pound they spend.



**Demand Reduction** - It is anticipated that the continual delivery of social value outcomes will alleviate pressure and reduce the demand on public services in the long term. This will make a positive contribution towards the Public Sector Reform agenda.

# SUMMARY

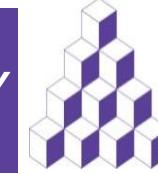


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- Social Value refers to the additional economic, social and environmental benefits that can be created for society through the procurement of goods and services.
- The Public Services (Social Value) Act 2012 places a statutory duty on local authorities to consider, at the pre-procurement stage:
  - How proposed procurement activity can improve the economic, social and environmental wellbeing of the relevant area;
  - How in conducting the procurement process, these economic, social and environmental improvements can be secured.
  - Whether to consult with stakeholders and service users about this.
- The Act empowers local authorities to think creatively about how to best use declining budgets to meet the growing demand for public services, whilst also obtaining improvements for the local area.

## SECTION 2

# GREATER MANCHESTER'S APPROACH TO SOCIAL VALUE



# GREATER MANCHESTER'S SOCIAL VALUE POLICY

- In 2014, GMCA commissioned the development of a bespoke Social Value policy and framework for use across the Greater Manchester authorities. This was approved in November.
- The policy creates a consistent approach to considering social value by identifying a shared set of social value objectives which reflect the Greater Manchester Strategy 2013-20 'Better Together'. The six social value objectives for Greater Manchester are:
  - **Promote employment and economic sustainability** – tackle unemployment and facilitate the development of skills
  - **Raise the living standards of local residents** – working towards living wage, maximise employee access to entitlements such as childcare and encourage suppliers to source labour from within Greater Manchester
  - **Promote participation and citizen engagement** – encourage resident participation and promote active citizenship
  - **Build the capacity and sustainability of the voluntary and community sector** – practical support for local voluntary and community groups
  - **Promote equity and fairness** – target effort towards those in the greatest need or facing the greatest disadvantage and tackle deprivation across the borough
  - **Promote environmental sustainability** – reduce wastage, limit energy consumption and procure materials from sustainable sources
- Here are a few examples of how authorities across Greater Manchester and beyond have achieved additional social value for their communities.

# SOCIAL VALUE ACROSS GREATER MANCHESTER



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## Oldham Council - New Build Leisure Centres

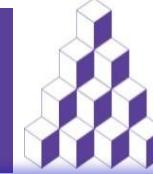
As part of the strategic regeneration of the Oldham borough, the council planned to build two new state of the art leisure centres in Oldham and Royton. Oldham Council tendered this opportunity via a mini competition using the North West Construction Hub Framework.

Wilmott Dixon successfully bid for this contract and committed to deliver the following social value benefits in addition to the construction of the leisure centres:

- Apprenticeships for 15 Oldham residents
- Work placements for 22 Oldham residents
- 1,760 hours of work experience opportunities for local residents
- 40% of total project cost to be spent with supply chain in the Oldham Borough
- 80% of total project cost to be spent with supply chain located in Greater Manchester
- Signed the fair payment charter

### Contributing towards the following Greater Manchester Social Value Objectives:

- ✓ Promote employment and economic sustainability
- ✓ Raise the living standards of local residents
- ✓ Build the capacity and sustainability of the voluntary and community sector
- ✓ Promote equity and fairness



## Bury Council - Garden Exchange Scheme

Bury Council and the Primary Care Trust jointly funded a Garden Exchange Scheme to provide low level gardening support to people who were struggling to maintain their gardens. The project was aimed at supporting people to stay in their own homes longer and to promote independence.

Over the course of the scheme the following social value benefits were realised:

- 26 people from the local community volunteered their time towards the scheme
- 76% of participants (those supported and volunteers) reported feeling less socially isolated
- 76% of participants reported feeling more active
- 91% of participants reported an improvement in their well-being
- 71% reported an improvement in their quality of life
- Over 60% of the gardens that were maintained produced fruit and vegetables, which was shared between the residents and the volunteers

### Contributing towards the following Greater Manchester Social Value Objectives:

- ✓ Promote Participation and Citizen Engagement
- ✓ Promote Equity and Fairness

# SOCIAL VALUE ACROSS GREATER MANCHESTER



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## **Salford City Council – Postal Services for Association of Greater Manchester Authorities (AGMA)**

Salford City Council led on an AGMA collaborative procurement exercise to identify a supplier capable of delivering a resilient postal service across the Greater Manchester region. In addition, the supplier had to be committed to helping contracting authorities maximise the social value of their spend within local communities.

Whistl (formally TNT) were awarded the contract and committed to :

- Provide bicycles to encourage health and wellbeing; and to minimise the carbon footprint produced by ‘posties’.
- Create one new job for every 500 pieces of mail processed per day.  
This equated to approximately 10 jobs in Salford (based on 2013 postal volumes)
- Identify premises within Salford to serve as a hub for the operation to work from.

### **Contributing towards the following Greater Manchester Social Value Objectives:**

- ✓ Promote environmental sustainability
- ✓ Promote equity and fairness
- ✓ Promote employment and economic sustainability



## **Blackpool Council – Recycling Working Project**

Blackpool Council worked in partnership with Wyre Borough Council to establish and open a workshop to repair and re-sell the increasing number of electrical white goods that had been deposited at the Household Waste Recycling Centre (HWRC) or collected from local residents who no longer required them.

- Four long-term unemployed residents were employed to undertake the repairs.
- Refurbished goods were offered for sale in a second-hand shop located at the HWRC.
- Profits from the shop were split equally between re-investing in the service and a local charity.

Blackpool Council also re-directed some of the refurbished items to residents who applied for cash support from the Council's Discretionary Fund to purchase new electrical white goods. During the early stages of the project, this resulted in around 25 large white goods being awarded to these residents in place of financial assistance.

### **Similar activity in Greater Manchester would contribute towards the following Social Value Objectives:**

- ✓ Promote environmental sustainability
- ✓ Promote equity and fairness
- ✓ Promote employment and economic sustainability



## **Warrington Borough Council – Building Maintenance Contract**

Warrington Borough Council invited organisations to tender for the opportunity to conduct electrical and mechanical repairs and planned preventative maintenance work. Manchester Working, a joint venture company between Manchester City Council and Morrison's Facilities Services Ltd, were the successfully bidders.

Across the life of the contract, Manchester Working delivered the following social value benefits in Warrington:

- Hired apprentices and attended recruitment fairs.
- Gave presentations to local people to promote electrical engineering as a trade
- Offered trade taster sessions for local young disadvantaged people.
- Worked with Warrington Collegiate to provide 250 'training' days each year to students.

**Similar activity in Greater Manchester would contribute towards the following Social Value Objectives:**

- ✓ Promote employment and economic sustainability
- ✓ Raise the living standards of local residents

# SOCIAL VALUE – PRACTICE TASK

The previous examples have demonstrated the additional economic, social and environmental benefits that authorities have obtained for their local area. Now it is your turn to generate ideas on potential social value improvements for the scenario below.

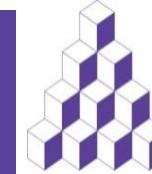
## SCENARIO

There has been an increasing prevalence of domestic abuse within the local area and your department has been allocated funding to tackle this problem.

You are responsible for designing a *Domestic Abuse Support Service* that represents best value for money. You are in the early planning early stages and must consider how the proposed service can improve the economical, social and environmental wellbeing of the area. You are particularly keen to ensure the improvements contribute towards two or more of Greater Manchester's Social Value Objectives.

## TASK

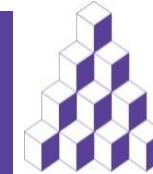
Please list the possible social value improvements that could be obtained for the local area above and beyond the Domestic Abuse Support Service itself.



## Greater Manchester Social Value Objectives

1. Promote employment and economic sustainability
2. Raise the living standards of local residents
3. Promote participation and citizen engagement
4. Build the capacity and sustainability of the voluntary and community sector
5. Promote equity and fairness
6. Promote environmental sustainability

# SOCIAL VALUE PRACTICE TASK: IDEAS



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## **1. Promote employment and economic sustainability**

- Creating new jobs
- Volunteering opportunities for local residents

## **2. Raise the living standards of local residents**

- Offering employees a living wage
- Offering employees flexible working conditions
- Offering training opportunities for employees

## **3. Promote participation and citizen engagement**

- Working with young people to tackle anti-social behaviour
- Offering anger management programmes to the local community
- Up skilling ex service users so that they can provide peer support within the local community.

## **4. Build the capacity and sustainability of the voluntary and community sector**

- Working in partnership with VCS organisations to deliver the Domestic Abuse Support Service

## **5. Promote equity and fairness**

- Raising awareness of domestic abuse and support that is available
- Offering employment skills to service users

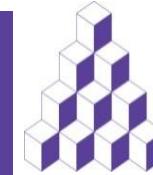
## **6. Promote environmental sustainability**

- Implement 'Reduce, Reuse, Repair, Recycle' policy within the organisation
- Promote the use of sustainable transportation to employees

## SECTION 3

# INCORPORATING SOCIAL VALUE INTO PROCUREMENT AND COMMISSIONING ACTIVITY

# WHO IS RESPONSIBLE FOR SOCIAL VALUE?



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- There is a common misconception that Procurers are solely responsible for ensuring councils meet their obligations under the ‘social value’ act. **This is not true!**

## Commissioners



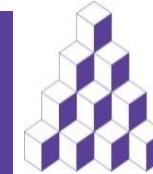
‘Commissioners’ (Council Officers who manage service delivery; have responsibility for commissioning goods or services; or manage budgets) often lead on pre-procurement activities due to their subject knowledge and expertise. Therefore, they have a responsibility to ensure consideration is given to the economic, social and the environmental improvements that can be gained from every procurement, at the **start** of the commissioning process. They are also obligated to consider whether to consult key stakeholders about their plans.

## Procurers



Procurers manage all elements of the procurement process and often support Commissioners through the Pre-Procurement Stage and so are responsible for ensuring Commissioners are aware of the duty to consider ‘social value’ and challenging them about the way in which this has been done. Procurers also play a key role in helping Commissioners obtain any relevant social value from goods and service contracts in a robust, fair and legally compliant manner.

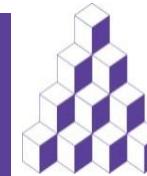
# WHAT DOES PRE-PROCUREMENT MEAN?



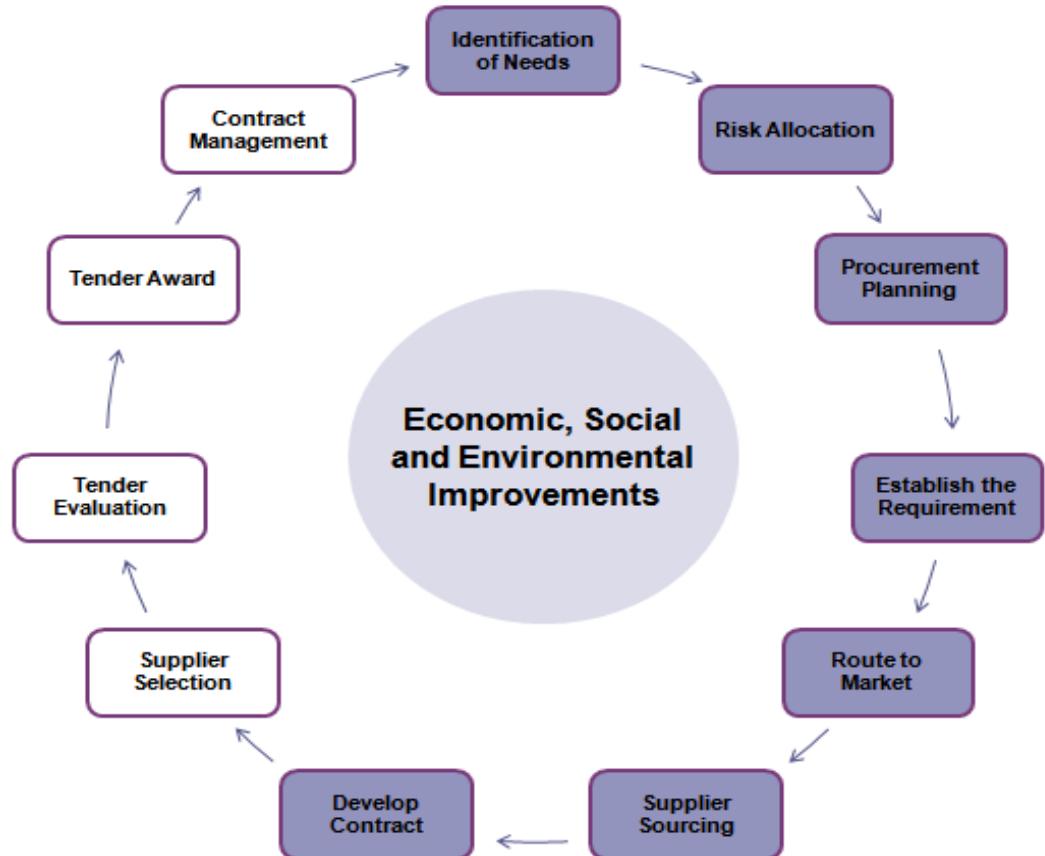
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- The Public Services (Social Value) Act 2012 states that local authorities must consider, at the pre-procurement stage:
  - How proposed procurement activity can improve the economic, social and environmental wellbeing of the relevant area;
  - How in conducting the procurement process, these economic, social and environmental improvements can be secured; and
  - Whether to consult with stakeholders and service users about this.
- The Act specifies that the procurement process has started when one of the following occurs:
  - The Official Journal of the European Union (OJEU) notice is issued;
  - A tender advertisement is published;
  - An individual or organisation is approached and asked to submit a expression of interest or proposal for a contract or framework agreement;
  - An individual or organisation is contacted in response to an unsolicited offer or expression of interest in relation to such a contract or framework agreement;
  - A contract or framework agreement is entered into.

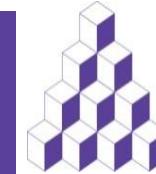
# THE PROCUREMENT PROCESS



- This diagram illustrates a typical procurement process and the steps taken when procuring public goods and services.
- The purple steps illustrate the activities that constitute pre-procurement.
- These activities are focused on identifying the need for goods and services and then scoping, designing, consulting and planning for these to be procured.
- Pre-procurement activities closely aligned with the 'Analyse' and 'Plan' stages of the Commissioning Cycle.

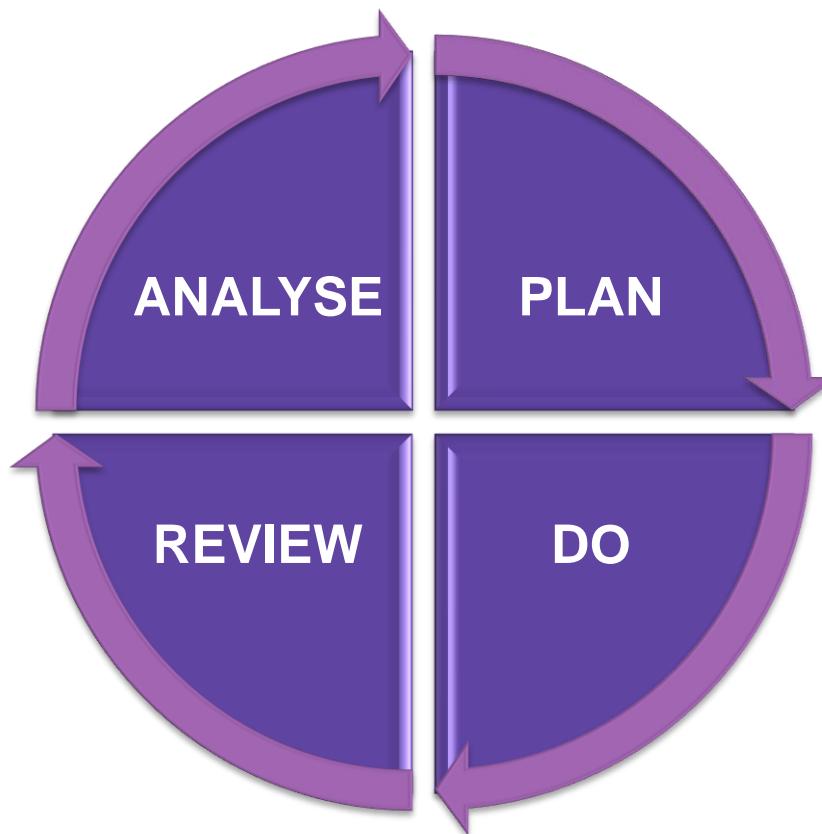


# THE COMMISSIONING PROCESS

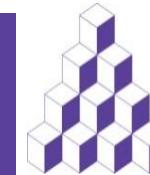


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We have established that Commissioners have a responsibility to consider social value at the Pre-Procurement stage; but how do pre-procurement activities fit into the ‘Analyse, Plan, Do, Review’ Commissioning Cycle?



# THE COMMISSIONING PROCESS

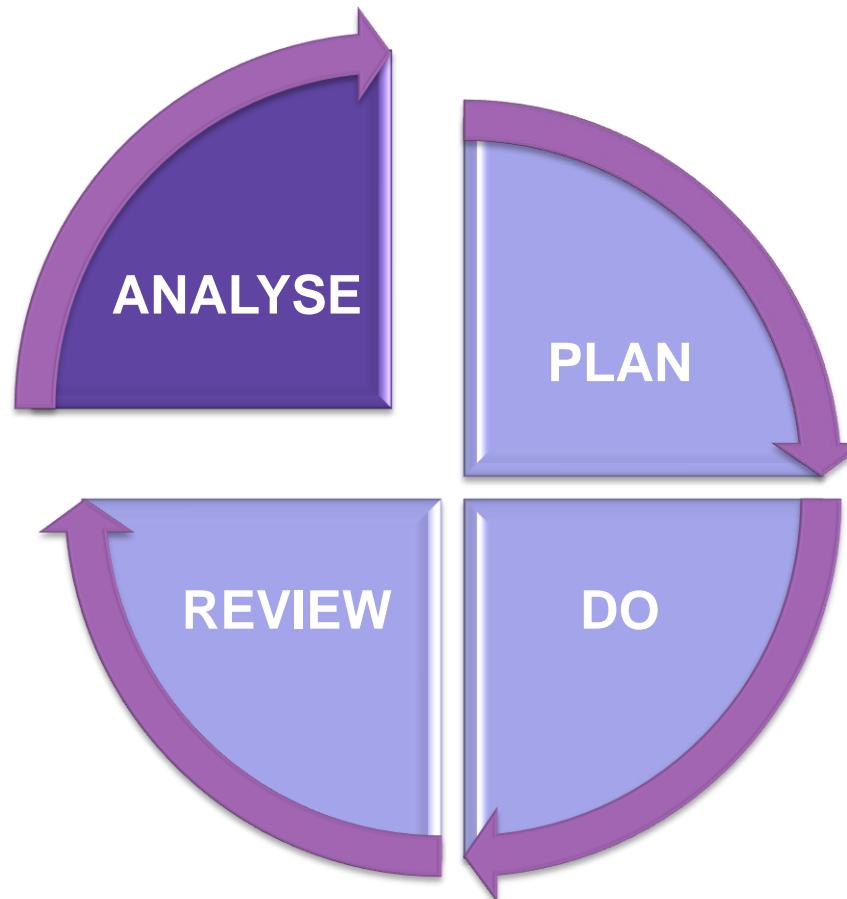


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## 'Analyse'

The stage is focused on assessing the need for goods or services. This includes thinking about the desired outcomes and how they fit in with local priorities. Resource, budgets and previous results are also considered at this stage. Some Commissioners conduct early consultations with service users at this point to ensure that the goods or services will meet the needs of the local community.

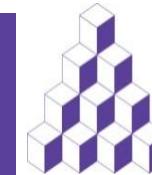
The Analyse stage sits under the Pre-Procurement Stage on the Procurement Process.



## Tips for incorporating social value into the 'Analyse' stage

- Consider what additional economic, social and environmental benefits could be obtained from the proposed commissioning activity. These should align with local priorities or social value objectives (where available).
- Engage with service users to find out what they need and how the proposed activity can improve the economic, social and environmental wellbeing of the relevant area.

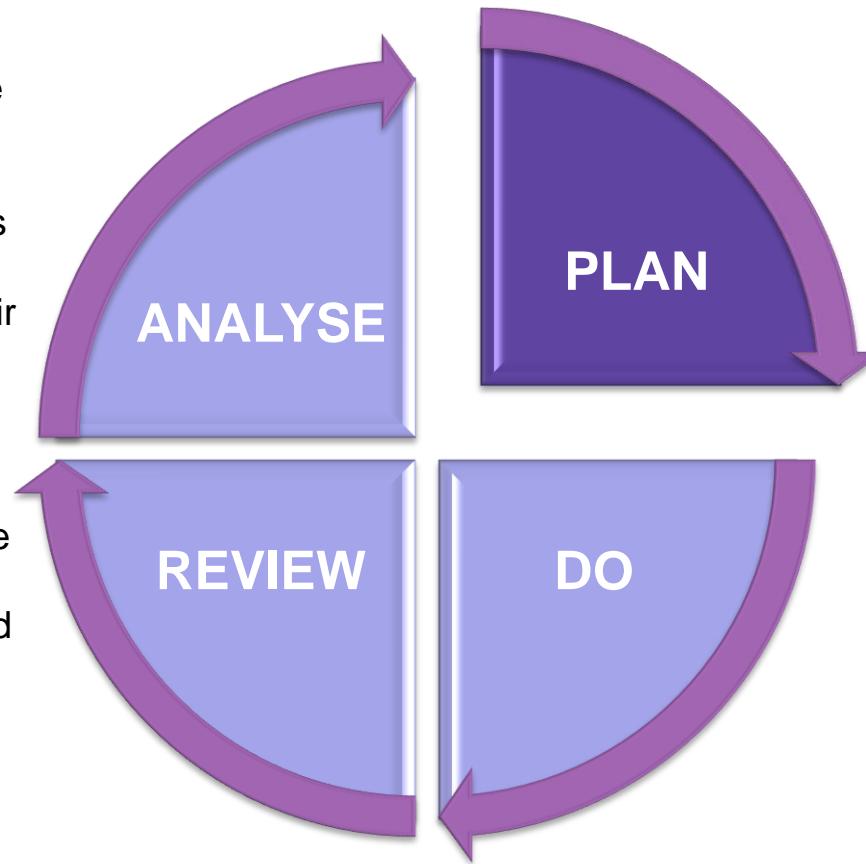
# THE COMMISSIONING PROCESS



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## 'Plan'

During this stage, Commissioners consider the different ways of addressing the need to achieve the desired outcomes and put a plan in place to do this. Commissioners often consult with service users and key stakeholders about their plans. They also conduct soft-market testing with potential providers. The feedback is then used to inform the specification requirements. At this point in the process, Commissioners may identify their route to market and start to engage with their Procurement Team.

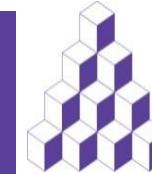


The Plan stage sits under the Pre-Procurement Stage on the Procurement Process.

## Tips for incorporating social value into the 'Plan' stage

- Work with the local provider market to explore the full range of economic, social and environmental improvements that could be obtained for the local area. This will highlight options that are not only realistic, but relevant and proportionate to what is being procured.
- Work with Procurement Teams to identify how the proposed economic, social and environmental improvements can be secured through the tendering and contracting process.

# THE COMMISSIONING PROCESS

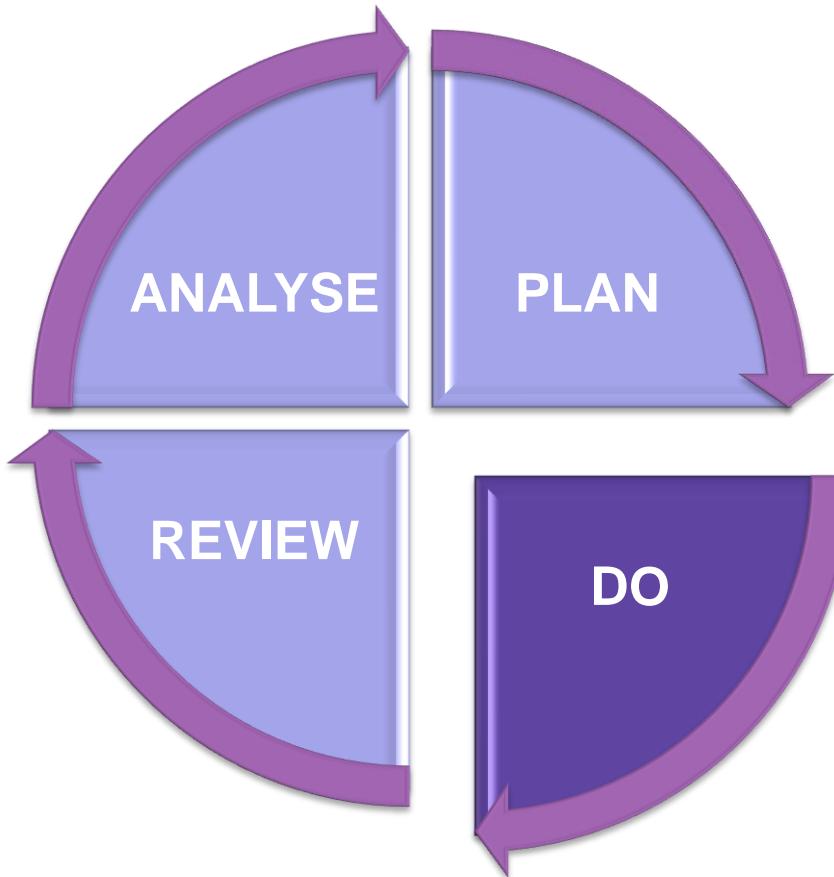


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## 'Do'

The 'Do' stage is when arrangements are made to secure goods or service. Where procurement is required, the tendering and contracting process is completed during this stage.

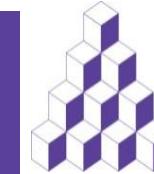
The Do stage sits under the Procurement Stage on the Procurement Process.



## Tips for incorporating social value into the 'Do' stage

- It is important to make reference to social value in the contract notice if it is to be included in the specification.
- Write all social value requirements into the specification document. Be clear about what the social value outcomes are, but provide bidders with the flexibility to suggest innovative ways of achieving them.
- Decide the evaluation criteria in advance and ensure it reflects the social value requirements in the specification. This will provide Evaluation Panels with a standard criteria to assess bids, which may differ, against one another.

# THE COMMISSIONING PROCESS

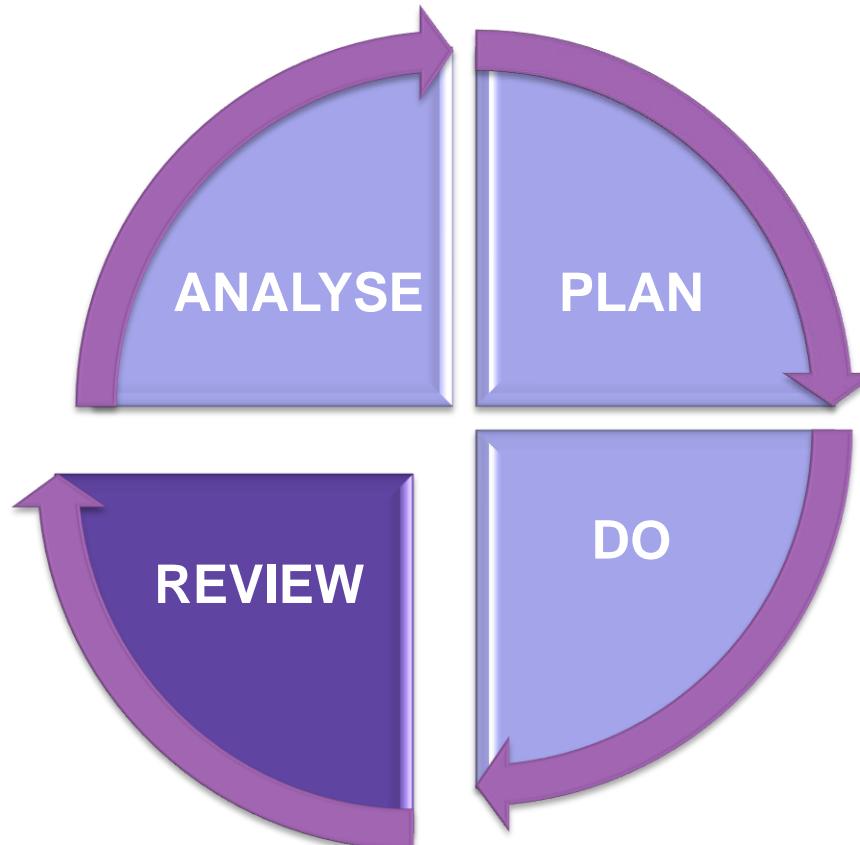


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## 'Review'

Once the procurement process is complete, contracts should be monitored and reviewed on a regular basis to establish the extent to which contracts are achieving their purpose. This should continue throughout the life of the contract.

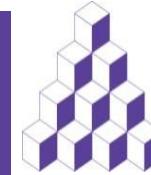
The Review stage sits under the Post-Procurement Stage on the Procurement Process.



## Tips for incorporating social value into the 'Review' stage

- The tender document forms part of a contract, which means that there is an expectation that the supplier will deliver the things they set out in their tender. This includes any social value benefits that they proposed.
- Key Performance Indicators (KPIs) on specific social value measures are a good way to track progress against tangible outputs.
- Some social value outputs may be difficult to quantify (i.e., improvements in health or community engagement) and so it is important to encourage the supplier to log these examples and share them throughout the contract monitoring process.

# SUMMARY



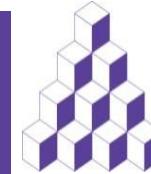
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- Councils have a statutory duty to consider the economic, social and environmental improvements that can be obtained during the pre-procurement stage.
- Pre-procurement activity focuses on identifying the need for goods and services and then scoping, designing, consulting and planning for these to be procured.
- Commissioners and Procurers have a shared responsibility to ensure social value improvements are considered and consulted on during the pre-procurement stage.
- Procurers play a key role in helping Commissioners to obtain any relevant social value from goods and service contracts in a robust, fair and legally compliant manner.
- Social value considerations can be incorporated into both the Commissioning ‘ Analyse, Plan, Do Review’ Cycle and the Procurement Process.

## SECTION 4

# SOCIAL VALUE QUIZ

# SOCIAL VALUE QUIZ



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**1. Social Value refers to what type of improvements?**

- a. Economic Improvements
- b. Social Improvements
- c. Environmental Improvements
- d. All of the Above
- e. None of the Above

**2. Which piece of legislation sets out the social value duty?**

- a. Local Government Act 1999
- b. Public Services (Social Value) Act 2012
- c. Public Contracts Regulations (2015)

**3. Which of the following do local authorities have a statutory duty to consider under the social value duty? (Select all that apply)**

- a. How proposed procurement activity can improve the wellbeing of an area
- b. How to secure continuous improvements through social value
- c. How social value improvements can be secured through procurement
- d. Whether to consult with stakeholders and service users about social value

# SOCIAL VALUE QUIZ

4. Legislation places a statutory duty on local authorities to consider social value at what stage of the procurement process?

- a. Pre-Procurement Stage
- b. Procurement Stage
- c. Post -Procurement Stage

5. Who is responsible for ensuring local authorities meet their statutory duty? (*Select all that apply*)

- a. Procurers
- b. Commissioners
- c. Both

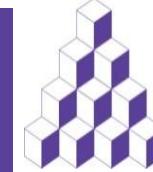
6. How many social value objectives have been agreed by the Greater Manchester Combined Authority?

- a. 4
- b. 6
- c. 8

7. Greater Manchester local authorities are required to consider social value for all procurement activity irrespective of type (i.e., good, services, works, buildings) or monetary value.

- a. True
- b. False

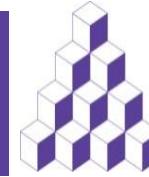
# SOCIAL VALUE QUIZ - ANSWERS



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1. **D** - All of the Above
2. **B** - Public Services (Social Value) Act 2012
3. **A** - How proposed procurement activity can improve the wellbeing of an area  
**C** - How social value improvements can be secured through procurement  
**D** - Whether to consult with stakeholders and service users about social value
4. **A** - Pre-Procurement Stage
5. **C** - Both
6. **B** - 6
7. **A** - True

# USEFUL LINKS



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- [Procuring the Future: Sustainable Procurement National Action Plan \(2006\)](#)
- [Best Value Statutory Guidance \(2011\)](#)
- [Public Services \(Social Value\) Act - 2012](#)
- [Public Services \(Social Value\) Act 2012 - Review Report](#)
- [Cabinet Office's Mystery Shopper Scheme](#)