



# Essex County Council

## Social Value Policy

December 2021



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## Introduction

This Policy sets out how we will help deliver Everyone's Essex and help reduce carbon emissions by using Social Value.

Social Value through procurement is the additional benefit to the community which we can derive, over and above the direct purchasing of goods, services and outcomes. Public authorities consider the wider financial and non financial value created by an organisation through the way it delivers their contract and express it in terms of the wellbeing generated for individuals, communities, the economy and the environment.

Essex County Council (ECC) recognises the important role it can play in enabling Social Value through its commissioning and procurement activity. In 2020/2021 we spent approximately £1.2 billion via our procurement activity. Through our approach to social value in procurement, we will harness this expenditure to influence the way suppliers deliver goods, services and works to provide social value to our residents.

This document describes ECC's policy for social value achieved through procurement ensuring that these quality criteria are relevant and proportionate to the subject matter of the contract and non-discriminatory.

## Background

The Public Services (Social Value) Act 2012 confirmed the social value responsibilities of authorities procuring service contracts subject to public procurement regulations. The 2012 Act states: That when procuring contracts for the provision or services, or services together with purchase or hire of goods or the carrying out of works by

- entering into a public services contract that is not a contract based on a framework agreement, or
- concluding a framework agreement as regards which public services contracts are likely to constitute the greater part by value of the contracts based on the agreement,

we must consider:

- how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area
- how, in conducting the process of procurement, it might act with a view to securing that improvement.
- whether to consult

Essex County Council intends to seek social value through all its procurements over £100,000 where it is relevant, proportionate and non-discriminatory to do so. To achieve this effectively and deliver value to residents, commissioners must consider the value of commercial outcomes delivered to the authority in accordance with the Local Government Act 1988 which prohibits local authorities from using non-commercial considerations when awarding contracts unless it is necessary to comply with the law or to achieve the principles of best value.

This will include consideration of the wider impact that the activities have on the economic, environmental and societal objectives of the authority. These points should be assessed during the development of the strategic business case, procurement category strategy, specification, tendering process and contract management activities.

## Rationale for the policy

Requiring our suppliers to set out the social, economic and environmental benefits they achieve when performing our contract means that the true commercial impact is taken into account when tendering. It will encourage vendors to consider the way that they deliver goods, services or works, for example:

- promoting greater environmental sustainability: minimising waste and pollution, supporting carbon reduction initiatives, furthering energy efficiency and other sustainability activities.
- creating job opportunities for local residents, those not in education, employment or training, for care leavers or for people with disabilities
- providing support, advice or mentoring opportunities to the long term unemployed, schools or school leavers;
- providing sub-contracting opportunities for a diverse range of suppliers, including the participation of small and medium sized enterprises (SMEs) and 3rd sector organisations, and local suppliers in general
- offering a range of apprenticeship, training and skills development opportunities as well as employment opportunities

## Policy context

This Social Value Policy supports the delivery of [‘Everyone’s Essex: our plan for levelling up the county 2021 to 2025’](#)

. These are:

- A Strong, Inclusive and Sustainable Economy
- A high quality environment Health, Wellbeing and Independence for all Ages
- A Good Place for Children and Families to Grow Inclusion of Social Value

Whilst Social Value can apply with any value of contract, there is an operational cost to preparing and scoring the evaluation model. Therefore, we will normally only require social value to be considered when we are procuring a contract with a value of over £100,000.

## How we score social value in our tenders

Like many Councils across the country, Essex County Council has adopted the Local Government Association’s National Social Value Taskforce ‘National Themes, Outcomes and Measures’ method of classifying and scoring social value in our tender processes. This method is frequently referred to as the ‘National TOMs’. We adapted them to focus on the delivery of the Council’s commercial objectives and policy outcomes as set out in ‘Everyone’s Essex: our plan for levelling up the county 2021 to 2025’ and focus on social value delivered locally. **This resulted in the ‘ECC TOMs’. The master list of ECC TOMs is called the ‘ECC TOMs Calculator’.**

The Social Value element of bids is scored in two parts: the value score (the commercial value of the social value bid expressed in monetary terms using the ECC TOMs Calculator) and the Supporting Statement score (which contributes to the evaluation of the commercial value to ECC by making an assessment of the robustness of the delivery plan to achieve the Social Value bid by the supplier).

## The ECC TOMs Calculator comprises:

- A set of social value 'Themes and Outcomes':
  - This is a list of the different categories of social value that contribute to ECC's commercial objectives as set out in Everyone's Essex. Please see **Annex A** below for a list of the Themes and Outcomes.
  
- A set of Units of Measure for each of the Outcomes:
  - These Units of Measure are used to compare bids on a like for like basis. They are set out as a description of the specific type of social value (the Measure) and a metric (the Unit) Social value will normally only count if it takes place in the administrative county of Essex. If we are prepared to consider benefit arising elsewhere then this will be made clear in the tender documents.
  - They also enable us to collate the total benefits delivered by vendors to Essex communities – and sometimes more widely - and provide a consistent method of performance management reporting.
  - We will not take account of benefit under more than one heading, to avoid benefits being double counted.
  - We will not allow a benefit to be counted at all unless we believe it is deliverable and measurable – such benefits will be assigned a zero score
  
- A set of Financial Proxies:
  - Each Unit of Measure is assigned a financial value based on our estimate of the commercial value of that unit. This represents the estimated value of social value in terms of things that we would like to deliver (such as jobs and environmental improvements), the value of things that we would might otherwise have to pay for (such as social care and concessionary bus fares). These all contribute to the continuous improvement of our services and thus help the Council to deliver its duty under section 3 of the Local Government Act 1999 This enables us to calculate the total economic value of contributions that bidders offer.
  
- Multipliers:
  - This is a weighting system that enables ECC to ensure its scoring system aligns to its commercial objectives.
  - A factor of between 1 and 3 is applied to each Unit of Measure, with those that are considered to make a significant contribution to our Priorities assigned a higher value.
  - When final social value bid scores are calculated, the corresponding Financial Proxy is multiplied by the weighting before the total 'Value' score is calculated.
  - NB: When ECC reports the social value delivered, the multiplier will not be applied.

The social value created will vary from one supplier to another, depending on the sector, industry, and business operations. A supplier does not need to constrain themselves to the Measures relating to the ECC Social Value Priorities. They will only be given credit for the social value on the TOM and the multiplier means that contributions to outcomes which benefit our priorities will be given more credit.

The full set of ECC Themes and Outcomes is set out in **Annex A**. The ECC Social Value Priorities are: jobs, skills, young people and climate.

The ECC TOMs social value Themes, Outcomes and Priorities are selected and weighted to reflect [Everyone's Essex: our plan for levelling up the county 2021 to 2025](#)' and annual organisational plans. Any changes to the Themes, Outcomes, Priorities or Multipliers will be agreed by the Cabinet.

The TOMs Calculator will be periodically reviewed to incorporate emerging leading practice (such as that published by the Local Government Association National Social Value Taskforce), to take into account inflation and to ensure that they are effective, relevant and proportionate measures to contribute to ECC's objectives.

Amendments to the Master ECC TOMs Calculator and Calculators for specific projects will be governed as set out in Table 1.

**Table 1: Authority required to amend to the ECC TOMs Calculator.**

Document	Approval required	Form
Amendments to the Social Value Themes and Outcomes and Priorities in the Master ECC TOMs Calculator	Cabinet	Cabinet Report
Amendments to the Units of Measure, Financial Proxies, or Multipliers in the Master ECC TOMs Calculator	Cabinet Member for Finance, Resources and Corporate Affairs	CMA
Amendments to the guidance provided within the Master ECC TOMs Calculator	Director of Procurement	Written confirmation
Amendments to the Social Value Procurement Procedures.	Director of Procurement	Written confirmation
Addition or amendment of Measures in the ECC TOMs Calculator for a specific project.	Director of Procurement	Social Value Assessment Form
variation of Measures from the ECC TOMs Calculator for a specific project (e.g., to comply with Public Contracts Regulations)	Head of Procurement or Director of Procurement	Social Value Assessment Form
Decision to allow some or all benefits outside Essex to be counted for a specific project	Head of Procurement or Director of Procurement	Social Value Assessment Form

## Delivery

This Policy will be delivered as follows:

- (i) We will provide learning materials in the [Social Value Catalogue](#) for vendors to explain how it can be included in bid.
- (ii) We will educate our procurement and commissioning officers on social value and on the ECC TOMs.
- (iii) All procurements over £100,000 will normally be required to include social value as a part of the scoring and evaluation process where it is relevant and proportionate to do so. To comply with the Public Contracts Regulations 2015, any evaluation criterion must be relevant and proportionate to the subject matter of the contract and non-discriminatory. If the council considers that it is not relevant and proportionate to include social value, a formal exemption will be requested using the Social Value Assessment Form; to be approved by a Head of Procurement.
- (iv) The weighting for social value will be form part of the quality evaluation in tenders and is flexible, up to a maximum of 20% of the total scores available in a tender. This means that the statement of social value can count to the 10% of the overall contract award.
- (v) The Social Value element of bids is scored as set out above (using the Value Score and the Supporting Statement). Once a contract is awarded, the Procurement Service will record and monitor the social value committed by successful bidders. The responsibility for ensuring the committed social value benefits are delivered will fall to the officers responsible for management of that individual contract.

## Review

Essex County Council will periodically review its Social Value Policy. In doing so, it will take account of any changes in legislation and changes to the council's priorities.

## ANNEX A: PROPOSED ECC SOCIAL VALUE THEMES AND OUTCOMES

The Social Value Themes and Outcomes are set out in the table below. Since the publication of Everyone's Essex, we have reviewed and updated the Outcomes, to ensure that they continue to deliver value in line with this policy.

These themes and outcomes have been used to reorganise the benefits in the TOM to reflect the contribution Social Value is making towards achieving Everyone's Essex. They are not directly used themselves in the evaluation process – to be awarded social value points in a tender the tenderer will have to demonstrate they will achieve benefits in the TOM.

ECC SOCIAL VALUE THEMES	ECC SOCIAL VALUE OUTCOMES	Commitments in Everyone's Essex to which this Outcome contributes
1. A Strong, Inclusive and Sustainable Economy.	Business growth and the impact of public sector spend within the county maximised.	<b>Future Growth and Investment:</b> We will help <b>grow</b> existing <b>businesses</b> and the economic sectors of the future in Essex, including the arts, and secure high levels of new investment by working with partners to promote the county, by creating the conditions for growth and by maximising the impact of <b>public sector spend</b> within the county.
1. A Strong, Inclusive and Sustainable Economy.	Essex residents in employment, skills gaps reduced and barriers to employment reduced for disadvantaged groups.	<b>Good Jobs:</b> We will work hard to address the impacts of the Covid pandemic on unemployment by supporting business recovery and building a stronger economy for the future, enabling people to build the skills they need to be part of it, and working alongside Essex businesses to help reduce barriers to employment for disadvantaged groups.
2. A high quality environment	Suppliers contribute to the delivery of net zero targets; reduced greenhouse gases; reduced waste; and strengthened climate resilience	<b>Net Zero:</b> We will work across the council and the county to hit our net zero targets, by ensuring that the council significantly reduces its carbon footprint, whilst also supporting an acceleration in the progress towards sustainable housing and energy, and active and alternative forms of travel across the county. <b>Green Communities:</b> We will work with communities and businesses, providing advice and support to enable and empower local action to reduce greenhouse gas emissions and build climate resilience. <b>Minimise Waste:</b> We will minimise the impact on the environment by supporting residents and businesses to reduce waste and increase the amounts recycled, and by working with others to deliver a more circular economy whereby we better protect our natural resources through the efficient and ongoing reuse of materials.
3. Health, Wellbeing and Independence for all Ages	Partners and communities address the socio-economic drivers that underpin poor health outcomes, such as poor housing, poverty, economic insecurity and low skills.	<b>Levelling Up Health:</b> We will seek to reduce health inequalities by bringing together partners and communities to address the socio-economic drivers that underpin poor health outcomes, such as poor housing, poverty, economic insecurity and low skills.
3. Health, Wellbeing and Independence for all Ages	Residents enabled to live independently and increased proportion of people able to live healthy lifestyles.	<b>Promoting Independence:</b> We will work with key partners and the adult safeguarding board to help individuals to live free from abuse and neglect and will enable residents to live independently by assisting them to access suitable accommodation, supporting access to employment and meaningful activities, and enabling independence at home through reablement, care technology, and market shaping to ensure strong domiciliary support, and investment in housing. <b>Healthy Lifestyles:</b> We will aim to increase the proportion of people able to live healthy lifestyles by embedding a community-first approach, by helping people to overcome social isolation, mental ill health and

		substance misuse, and by helping people to live fit and active lifestyles.
4. A Good Place for Children and Families to Grow	Businesses and communities support the achievement of education outcomes.	<b>Education Outcomes:</b> We will achieve educational excellence and high standards for all children and young people as we recover from the pandemic, by working in partnership with early years providers, schools, colleges and universities, by building greater coherence across the system and by engaging businesses, communities and the arts sector in supporting education outcomes.
4. A Good Place for Children and Families to Grow	Outcomes improved for the most vulnerable and disadvantaged groups.	<b>Outcomes for Vulnerable People:</b> We will work to improve outcomes for the most vulnerable and disadvantaged groups including Children in Care, Care Leavers, Children with SEND and children from BAME communities, by working with children, young people and partners across the system.
4. A Good Place for Children and Families to Grow	Our partners to help make our communities safer and address key issues such as violence and vulnerability, and safety for women and girls.	<b>Safety:</b> We will continue to improve the safety of Essex residents, including children and young people, by sustaining our nationally recognised approach to early intervention, safeguarding and neglect, addressing domestic abuse, child criminal and sexual exploitation, and peer on peer violence and abuse. We will continue close working with our partners to help make our communities safer and address key issues such as violence and vulnerability, and safety for women and girls.

## **Essex County Council**

The information contained in this document can be translated, and/or made available in alternative formats, on request.

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