

# Towns Fund Social Value Local Spend Proposal

Draft V3 – January 23

## INTRODUCTION

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The Public Services (Social Value) Act 2012, that came into force in Sandwell 2013, places an obligation upon all councils to consider how they can secure social, economic and environmental benefits from the procurement of public contracts. The purpose of this document is to ensure that projects:

- Achieve best value for money, including social value
- Support all relevant council priorities and policies to include the Corporate Plan and Vision 2030
- Purchases quality goods, services, and works
- Safeguard its reputation from any suggestion of dishonesty or corruption
- incorporate principles of sustainability, efficiency, quality, social value, best value for money and whole life-cycle costing
- comply with the Public Contract Regulations 2015 (PCR) and any future amendments

The Towns Fund Partnership recognises there is significant scope to support activities, approaches and services that help to deliver measurable benefits to local communities' safety, health, prosperity and quality of life. Towns Funds projects will therefore ensure procurement activity will align with Sandwell Councils Contract and Procurement Rules, undertake a Social Value Plan and provide information to support the monitoring of Local Spend and Social Value.

The definition for Local Spend as accepted by the LEP and West Midlands Combined Authority can be found in Appendix A. As the definition of 'local' covers the whole West Midlands Combined Authority Area, the Towns Fund Boards are encouraging projects to consider social value and local spend as per the following priority order:

Priority 1 - Sandwell

Priority 2 – Birmingham and Black Country

Priority 3 – West Midlands Combined Authority Area

## WHAT IS SOCIAL VALUE?

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Social Value is about maximising the wider benefit to be gained through meeting our needs for goods and services in a way that achieves value for money for the life of the contract.

Social value outcomes must be considered at the pre-procurement stage of a tender, they must be relevant and proportional to the contract in question and must continue to observe equal access for suppliers.

The Act does not provide a definition of Social Value itself, so this document will lay out Sandwell Towns Fund Programme definition of Local spend which aligns with SMBC Social Value guidance. For the Towns Fund Programme, Social Value is about maximising the wider benefit to be gained through meeting 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 not only to the Council, but also to Sandwell, its residents and the economy, whilst minimising the damage to the environment.

Implementing Social Value as part of Sandwell's Towns Fund Programme provides scope to make positive changes for the borough as a whole by encouraging the creation of job opportunities for local people, supporting young people into apprenticeships and ensuring that local suppliers (and in particular SME businesses) are represented in the supply chain.

Sandwell Towns Fund Programme will where possible, contribute towards the following key areas:

## **SOCIAL**

- Supporting the reduction of social exclusion, isolation and inequalities
- Generating education, training and employment opportunities for disadvantaged groups excluded from the workplace.
- Designing services which take account of different needs including disadvantaged groups
- Engaging the local voluntary and community sector
- Generating positive health outcomes for local people

## **ECONOMIC**

- Creating employment opportunities for local people
- Creating training and education opportunities for local people
- Supporting local micro, small and medium enterprises by increasing their opportunities to access our direct and indirect spend

## **ENVIRONMENTAL**

- Reducing carbon emissions to help achieve carbon neutrality by 2030 and beyond
- Seeking to reduce air pollution or eliminate where possible
- Contributing to the protection, restoration and enhancement of Sandwell's environment
- Resource efficiency and up to date processes for re-use and recycling
- Encouraging local innovation and skills to help tackle climate change in Sandwell

## **SMBC Procurement Considerations, Social Value and Localism**

SMBC is committed to supporting the local economy by ensuring all tendering opportunities are accessible and tenderer friendly. Where practical and relevant, tenders should also address the following local social benefits, (as part of the supply chain) through the use of tender quality assessments and method statements.

- employment;
- supply chain;
- apprenticeships;

To maximise the opportunities enabled by the Towns Fund Programme, evaluation scores for social value are to be considered on all procurements, where it is possible to do so.

The decisions around weighting and indicators will be made on a case by case basis with a focus on achieving positive outcomes without creating barriers for our suppliers.

The Programme Monitoring Office will be responsible for collating information on procurement activities undertaken by projects within the Towns Fund Programme for reports to the Towns Fund Boards and DLUHC.

## **IMPLEMENTING SOCIAL VALUE IN PROCUREMENT**

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The following steps should act as a guide for considering Social Value outcomes in a tender:

**Step 1:** Identify Council/organisational strategies and plans relevant to the procurement, align with SMBC Contract Procedure Rules where organisations do not have their own procurement policy. [SMBC Contract Procedure Rules](#)

**Step 2:** Identify relevant Social Value outcomes

**Step 3:** Add evaluation questions to the tender, examples provided at Appendix B

**Step 4:** Define the weighting of those questions and publish as part of tender documentation (minimum 10%)

**Step 5:** Tender evaluation process

**Step 6:** Review and ongoing monitoring of outcomes and benefits

The key deliverables that the project wishes to achieve will be set out in the contract specification or scope of services or works. Inclusion of social value criteria in a tender process will add further economic, environment and social benefits to the service. This is known as 'Additionality' or 'Added Value' and would not have occurred without the inclusion of social value as part of the tender evaluation criteria.

For example, a specification may require a building contractor to be carbon neutral by 2030. If the contractor commits to reaching that requirement by this date this would not be added value. However, if that contractor makes a voluntary commitment to be carbon neutral by 2025, this would be considered added value.

When it has been established that Social Value considerations should apply to a contract, the project lead officer should begin by thinking about the broad strategic themes that apply to it. From here relevant and proportionate outcomes should be identified that the procurement could contribute towards, and these should be embedded in the tender as questions. Examples of such questions are attached as **Annex B**.

For example, under the broad theme of 'promoting local employment' a relevant outcome might be more local people in employment. A practical question relating to this outcome is the number of local employees hired on a contract. In this example the standardised definition of 'local' will need to be used as indicated in **Annex A**.

Flexibility and discretion is needed to be able to consider Social Value in a proportionate and transparent way with a focus on achieving positive outcomes without creating barriers for suppliers. Therefore, all decisions around weighting and indicators should be made on a case by case basis with support from the procurement team.

## **MONITORING AND EVALUATION**

This guidance is applicable to all Towns Fund projects in order to report on the Social Value/Local Spend offer the Towns Fund Programme has been able to deliver.

The PMO, with the support of the Community Benefits Co-ordinator, will support projects in the inclusion of Social Value/Local spend during the procurement stages as well as ongoing monitoring.

Third parties (such as suppliers) will be monitored as part of ongoing contract management by service areas on the delivery of the Social Value commitments that they have made to the project. These commitments will be set out as key performance indicators agreed with the successful contractor/supplier. Any challenges forecast in the delivery of these commitments will initially be subject to discussion between the project and the suppliers to see if there are any measures that can be put in place to aid the realisation of the agreed commitments. It may be necessary in some instances to review the Social Value agreed outcome and amend to a suitable alternative.

Sandwell Towns Fund Partnership will work closely with partners to further build upon our Social Value offer and refine the metrics used to measure outcomes. This is a learning process for all parties and regular review of the Social Value methodology will be undertaken to ensure fit for purpose.

## IN SUMMARY

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1. Social value is 'Added Value or 'Additionality' that would not have occurred without the inclusion of social value is included as part of the tender evaluation criteria. Model evaluation questions are included in **Appendix B** as guidance.
2. It would usually be the case that social value and local spend will be attributed to a minimum of 10% of the evaluation criteria in a tender process (if applicable). In exceptional circumstances a higher weighting may be used.
3. Where appropriate Social Value outcomes are to be published in the tender documentation, included as contract KPI's and be reviewed as part of the contract management process. SMBC Community Benefits Coordinator (Karen Richards) is available to support projects through this process.
4. Where applicable, Towns Fund projects are requiring to consider the Social Value/Local Spend as per the following priority :  
  
Priority 1 Sandwell,  
Priority 2 Birmingham & Black Country,  
Priority 3 Other West Midlands Combined Authority Areas
5. Projects are required to include details of procurement undertaken as part of quarterly claims process, providing details of contract value, priority area of supplier and the rationale if supplier is not Sandwell/Black Country based.
6. PMO will collate procurement information to present a breakdown of social value/local spend information annually to the Towns Fund Boards.
7. As per DLUHC Assurance Framework, procurement is subject to scrutiny by DLUHC as part of the 6 monthly Monitoring & Evaluation returns and will be selected on a random sampling basis.
8. All projects to refer to [SMBC Social Value Act Guidance](#) and Local Spend definition (Annex A)

## **ANNEX A - SUPPORTING LOCAL SUPPLIERS** ([Local supplier definition](#))

At Sandwell we are committed to supporting local suppliers wherever possible whilst retaining the Value for Money/Return On Investment approach.

To drive more spend locally, we have made the inclusion of Sandwell of WMCAA suppliers a requirement for all procurement whenever possible.

Below you will find an interpretation of what a local supplier is and the Councils/LEP that make up the WMCAA.

### **What is a Local Supplier?**

A supplier is considered "Local" where the organisation's operations are carried out within Sandwell or the WMCAA. This can be local suppliers or national employers with workers in the region.

The following Councils make up the West Midlands Combined Authority Area (WMCAA): -

- Sandwell Metropolitan Borough Council
- Birmingham City Council
- City of Wolverhampton Council
- Dudley Metropolitan Borough Council
- Walsall Council
- Coventry City Council
- Solihull Metropolitan Borough Council
- Cannock Chase District Council
- North Warwickshire Borough Council
- Nuneaton and Bedworth Borough Council
- Redditch Borough Council
- Rugby Borough Council
- Shropshire Council
- Stratford-on-Avon District Council
- Tamworth Borough Council
- Telford and Wrekin Council
- Warwickshire County Council

Where applicable, Towns Fund Projects are required to consider Social Value/local spend in priority order as highlighted below. The PMO will collate procurement activity undertaken by projects and provide a breakdown of spend within the following priorities for each town:

Priority 1: Sandwell

Priority 2: Birmingham & Black Country

Priority 3: Other West Midlands Combined Authority Area

Please note SMBC Projects are responsible for following Contract Procedure Rules, key sections as follows:

1. Make use of existing Council contracts and internal suppliers where available.
2. Where bids are evaluated on price and quality, the quality element of the Award Criteria must not exceed 40%, Social Value should account for 5%-30% of this as per Public Services (Social Value) Act Guidance Document (unless the requirement has been included within the specification).
3. Undertake procurement activity for all requirements below £100,000.
4. Where an internal service can provide the goods or service, this must be used in the first instance.
5. Where the Council has corporately procured a contract or framework agreement, these contracts should be used as the Council will be obtaining value for money by procuring corporately. The requirements of these rules will have been addressed, value for money ensured, and standard terms and conditions used.
6. Subject to any pre-existing exclusivity arrangements which oblige the Council to use a pre-existing contract, where the appropriate Chief Officer (in consultation with the Head of Procurement) considers that there are specific advantages to be obtained by negotiating a separate contract for corporately procured goods or services, then written approval must be sought from the Head of Procurement and retained on the appropriate contract file.
7. Failure to use existing corporately procured contracts where available can be viewed as a disciplinary offence unless approval is given as per paragraph 6 above.
8. Where there are no internal suppliers or existing contracts in place, officers must follow the procedures set out in the Contract Procedure Rules to identify external suppliers.

### Advertising Procurement Thresholds

Estimated value of goods, services, or works (Including Aggregation)	Minimum number of bid/s required	Method of obtaining bids	Responsibility for obtaining bids	Written Records required
£0-£500	No bids required	n/a	n/a	Evidence of payment

<p>£500-£10,000 To be treated as a one-off non-recurring requirement</p>	<p>At least One quotation using a Sandwell supplier or if not available, a supplier from the West Midlands Combined Authority Area wherever possible.</p>	<p>All spend over £500 must be procured using the In-Tend portal. The Purchasing Card may be used in line with the Purchasing Card policy.</p>	<p>Project Leads/ purchaser must ensure value for money is being obtained</p>	<p>In-Tend online record, Invitation to Quote, specification documents, quotations, and communications from suppliers</p>
<p>£10,000-£100,000</p>	<p>Three quotations to be obtained with at least one supplier from Sandwell or if not available, a supplier from the West Midlands Combined Authority Area</p>	<p>All spend over £500 must be procured using the In-Tend portal. Spend over £25,000 to be published on Contracts Finder Specification and selection/award criteria to be included in the invitation to quote (Rule 11)</p>	<p>Project Lead/ purchaser must ensure value for money is being obtained (excluding Social Care and Public Health Requirements)</p>	<p>In-Tend online record, Invitation to Quote, specification documents, quotations, and communications from suppliers</p>
<p>£100,001 and above</p>	<p>Three tenders to be obtained in all instances. At least one bid should be from a Sandwell Supplier or if not available, the West Midlands Combined Authority Area</p>	<p>All spend over £500 must be procured using the In-Tend portal. Spend over £25,000 to be published on Contracts Finder and FTS when applicable Specification and selection/award criteria to be included in the invitation to quote (Rule 11)</p>	<p>Procurement Officer</p>	<p>In-Tend online record, Invitation to Tender, tender schedules, bids and communications from suppliers Estimated value of goods, services, or works (Including Aggregation) Minimum number of bid/s required Method of obtaining bids Responsibility for obtaining bids Written Records required</p>



## ANNEX B

Outcomes	Social Value Indicator	Suggested questions to be included in specification	Indicator
<b>Creating more (with specific focus on hard-to-reach groups) and improving existing jobs</b>	<b>Creating Jobs for Hard-to-Reach Groups</b> Direct jobs created across hard-to-reach groups (persons with physical and learning disabilities, the homeless, NEETs, long-term unemployed, over 55s with a pre-existing health condition, ex-offenders, veterans, care leavers)	1) How many jobs has your organisation created in the last year for long-term unemployed people? 2) How many jobs will you create, as part of the contract, for long-term unemployed residents of Sandwell?	Number of employees (FTE) taken on who are long term unemployed (unemployed for a year or longer)
		3) How many jobs has your organisation created in the last year for the following hard-to-reach groups (delete as appropriate: BAME/Homeless/Ex-offenders/NEETS)? 4) How many jobs will you create as part of the contract for hard-to-reach groups resident in Sandwell (delete as appropriate: BAME/Homeless/Ex-offenders/NEETS)?	Number of employees (FTE) taken on from hard-to-reach groups (delete as appropriate: BAME/Homeless/Ex-offenders/NEETS)
	<b>Ensuring Local<sup>2</sup> People are in Employment</b> Number of local people in sustainable employment (twelve months or more or if not applicable for the duration of contract)	5) What percentage of your current workforce are local residents? 6) What percentage of the workforce which will work on the contract will be local residents?	Percentage of Sandwell residents employed on contract (FTE)
<b>Employment Support Activities</b> Activities to support people back into the workplace or into better work?	7) What types of activities do you currently provide to support unemployed people into work? 8) What types of activities will you provide, as part of the contract, to support unemployed Sandwell residents into work? 9) How many hours will be dedicated to supporting unemployed Sandwell residents into work as part of the contract?	Number of hours dedicated to supporting unemployed Sandwell residents into work	

<sup>2</sup> Local refers to the Sandwell in first instance, please indicate separately for Birmingham & Black Country, West Midlands, National

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Outcomes	Social Value Indicator	Suggested questions to be included in specification	Indicator
	<p><b>Apprenticeship Opportunities</b> Creation of Apprenticeships</p>	<p>10) How many apprenticeships has your organisation created in the last year?</p> <p>11) How many apprenticeships will you create and complete as part of the contract?</p> <hr/> <p>12) How many weeks of apprenticeships have you created and supported in the last year?</p> <p>13) How many weeks of apprenticeships for Sandwell residents will you create and support as part of the contract?</p>	<p>Number of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation to completion in the following years</p> <hr/> <p>Number of weeks of apprenticeships created during the year</p>
	<p><b>Improving the Quality of Existing Employment Practices</b> Ensuring that both the direct workforce and contractors are employed in fair, democratic, inclusive, and flexible workplaces</p>	<p>14) Sandwell MBC is committed to the delivery of high-quality public services, and recognises that this is critically dependent on a workforce that is:</p> <ul style="list-style-type: none"> <li>• well-rewarded,</li> <li>• well-motivated,</li> <li>• well-led,</li> <li>• has access to appropriate opportunities for training and skills development, are diverse and is engaged in decision making.</li> </ul> <p>These factors are also important for workforce recruitment and retention, and thus continuity of service. Sandwell Metropolitan Borough Council is adopting fair work practices, which include:</p> <ul style="list-style-type: none"> <li>• A fair and equal pay policy that includes a commitment to supporting the Living Wage, including, for example being a Living Wage Accredited Employer.</li> </ul>	<p>% employees receiving the Real Living Wage<sup>3</sup></p> <hr/> <p>Employee survey data- % employee engagement score</p>

<sup>3</sup> The real living wage as established by the Living Wage Foundation.

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Outcomes	Social Value Indicator	Suggested questions to be included in specification	Indicator
		<ul style="list-style-type: none"><li>• Clear managerial responsibility to nurture talent and help individuals fulfil their potential, including for example, a strong commitment to Modern Apprenticeships and the development of a young workforce.</li><li>• Promoting equality of opportunity and developing a workforce which reflects the population in terms of characteristics such as age, gender, religion or belief, race, sexual orientation, and disability.</li><li>• Support for learning and development.</li><li>• Stability of employment and hours of work, and avoiding exploitative employment practices, including for example no inappropriate use of zero-hours contracts.</li><li>• Flexible working (including for example practices such as flextime and career breaks) and support for family friendly working and wider work life balance</li><li>• Support progressive workforce engagement, for example Trade Union recognition and representation where possible, otherwise alternative arrangements to give staff an effective voice.</li></ul> <p>To ensure the highest standards of service quality in this contract we expect contractors to take a similarly positive approach to fair work practices as part of a fair and equitable employment and reward package. Please describe how you will commit to fair work practices for workers (including any agency or sub-contractor workers) engaged in the delivery of this contract.</p>	

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Outcomes	Social Value Indicator	Suggested questions to be included in specification	Indicator
<b>Improve skills in Sandwell area</b>	<b>Training Opportunities</b> Creation of training and upskilling opportunities for direct workforce	15) What types of training opportunities do you currently provide for your employees? 16) What types of training opportunities will you provide for your employees as part of the contract? 17) How many weeks of training opportunities will you provide for your employees as part of the contract?	Number of weeks of training opportunities on contract that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+  Number of employees upskilled (NVQ 2/3/4)
	<b>Work Experience</b> Work Experience opportunities created as part of contract	18) What types of activities do you currently undertake around schoolwork experience placements? 19) What types of activities will you provide as part of the contract around schoolwork experience placements for Sandwell residents? 20) How many schools, work experience placements will be provided as part of the contract for Sandwell residents? 21) How many undergraduate project placements per year will you offer to Sandwell residents? 22) How many graduate internships per year will you offer for graduates living in Sandwell?	Number of school work experience placements  Number of undergraduate project placements per year offered to Sandwell residents.  Number of graduate internships per year offered to graduates
<b>Diversified local business base and supply chains</b>	<b>Diversity of Spend</b> Amount spent with diverse supply chain organisations (local organisations, VCS, SMEs, Co-operatives etc.)	23) How many of your supply chain providers will be provided by Sandwell businesses %/£?	Total amount (£) spent in Sandwell supply chain through the contract
	<b>Building Capacity of co-operative and Voluntary Sector</b> Support provided to strengthen the co-operative and voluntary sector as part of the contract	24) What opportunities will you provide as part of the contract for the co-operative and voluntary sector organisations?	Number of hours of expert business advice (HR, financial, legal, HSE)

