

ROYAL BOROUGH OF GREENWICH

SOCIAL VALUE POLICY

Introduction

This policy sets out the Royal Borough of Greenwich's approach to Social Value and the implementation of the Public Services (Social Value) Act 2012 (the Act). The legislation requires public authorities to have regard to economic, social and environmental well-being in connection with public services contracts.

The Council's has a commitment to making the most out of every penny it spends and as such, will embed a social value approach to the commissioning and procurement activities. The Social Value Policy sets out the approach to defining and delivering social value through its procurement activities. The social value approach intrinsically links our social value objectives to the priorities of the council contained within the Corporate Plan.

The policy also outlines how the Royal Borough of Greenwich will look to implement the legislation beyond its immediate requirements in order to deliver best possible value for our residents.

When commissioning a service, the commissioner will, in the pre-procurement stage, engage with stakeholders and assess the market to establish the Social Value outcomes that are relevant and proportionate to the contract.

Commitment to Social Value

The Royal Borough of Greenwich is committed to providing the best possible outcomes for its communities through the services that it delivers directly; through services, it contracts from external providers; and through its strong relationships with its partners and the voluntary, community and social enterprise (VCS) sector.

The Council recognises that integrating this policy into its procurement activities should not only deliver contributions to our Social Value Objectives but will also have additional benefits, including promotion of supplier diversity, increased stakeholder engagement, improved cooperation and building a stronger and more mutually beneficial relationship with the (VCS) sector.

Social Value Objectives

Prospective suppliers need to be informed about the Social Value objectives for the Royal Borough. Suppliers will then be able to tailor their offer so that it is relevant to these objectives.

The priorities and needs of the Council are the Royal Borough of Greenwich's High Level Objectives and the Council's Social Value Objectives are derived from these.

The link between the Corporate Plan Objectives and Social Value will be developed and maintained through a Social Value Framework. This will be a dynamic document that provides examples of where a procurement may obtain social value.

Approach

The following section breaks down the Council's approach to Social Value for the core elements of commissioning and procurement, i.e. services, goods and works.

Services

The Act applies to contracts for public services, which are over the EU threshold. This includes contracts that are primarily for public services but with an element of goods or works i.e. contracts for services where the element of

the cost of the goods and works is incidental, whereby the service would be considered a service contract under the Regulations.

Although the Act applies to service contracts above that threshold, public authorities are encouraged to apply the Act to all contracts and frameworks below the threshold and for goods and works.

In order to maximise the benefits of this approach and demonstrate good practice, the Royal Borough of Greenwich will look to incorporate a Social Value element in all of its activities. At the lower cost purchases, this will be looking to spend more locally. At the higher cost procurements by using the Social Value Framework to assist in identifying what Social value can be obtained.

Where a tender process is being run the commissioner of a service will be required to establish a Social Value outcome that is proportionate and relevant to the contract and the Council's Social Value Objectives, through a consideration of consultation and/or engagement activities with stakeholders and include this within their specification.

A prospective supplier will be required to present a Social Value Offer that will aim to meet the specified Social Value outcome. This Social Value Offer will be assessed and a weighting applied. The weighting will be at least 5% initially (2019-20) rising to minimum of 10% (by 2024-25), with a maximum of 20% in any procurement. A higher weighting would be applied in cases where there are numerous suppliers offering the same or similar product at a similar price (i.e. where there is a more competitive market).

The Royal Borough's *Procurement and Contract Management Guidance* provides further practical detail on these processes. *Guidance for Prospective Suppliers* provides further practical detail on this processes for prospective suppliers. This helps to increase transparency and supports equal access to the Council's contracts from businesses and organisations of all sizes.

Goods and Works

The Act does not require Social Value to be considered in contracts for public works and supplies (goods).

However, in order to demonstrate our commitment to achieving best value for money through our procurement spend, the Royal Borough will incorporate Social Value into the procurement of goods and works over a significant value, initially £200k. This value will be subject to review.

In these cases, prospective suppliers will again be required to provide a Social Value offer that should aim to meet the outcomes of the contract specification and the Social Value Objectives listed above. Again, as is the case for service contracts, the weighting will be at least 5% initially (2019-20) rising to minimum of 10% (by 2024-25), with a maximum of 20% in any procurement. and again a higher weighting will be applied in cases where there are numerous suppliers offering the same or similar products at a similar price.

High Value Contracts

The Royal Borough of Greenwich will also have a more targeted approach that would be used in certain high value cases in order to pursue greater Social Value offers. In these cases, the Council applies a greater resource that supports the delivery of Social Value within these procurement exercises. This approach aims to bring a greater number of internal stakeholders into the decision making processes to ensure that the highest level of Social Value can be realised.

Contracts of high value are selected because these offer the greatest potential Social Value investment due to the fact that the Royal Borough is making a significant financial commitment to a supplier. Therefore, it is expected that a significant commitment is also made by the supplier to the community and local area. In other cases, contracts are selected, not because of their value, but because the area of work is of specific interest with regards to the Royal Borough's Social Value Objectives.

This approach enables a greater level of input from a range of stakeholders thus helping the suppliers of these contracts to deliver the most effective forms of Social Value based on the needs and priorities of the local community.

Social Value in Lieu

It is recognised that it may not be possible, in all cases, for prospective suppliers to offer a relevant and proportionate Social Value offer. Therefore, the Royal Borough will explore the possibility of a ‘Social Value Fund’ into which suppliers can offer a cash contribution, providing a pool of resources for future community benefit. It is anticipated that contributions to the fund would come from corporate social responsibility budgets and so any contribution by a company would not be simply added to the price of the contract.

There are a number of options for the distribution of this fund but it is anticipated that a mechanism would be set up to award grants to specific projects delivering social value. Organisations would be able to bid for funding for certain projects that would contribute to the Council’s Social Value Objectives, as outlined in this policy.

The Royal Borough would always look to encourage suppliers to make an impact with regards to Social Value through their individual direct action. It is expected that this will be achievable in contracts where there is sufficient longevity and scale within their contract to enable them to deliver this action. This, unfortunately, will not always be the case. Therefore, the introduction of the ‘Social Value Fund’ would provide flexibility and enable all organisations to have the opportunity to contribute to Social Value in Royal Greenwich where conditions surrounding their individual contract would not otherwise have enabled it.

The fund would enable the pooling of resources which can then be used, potentially, to support larger projects which may require higher levels of funding that would not be realised through the application of the direct delivery of Social Value only.

Measuring Social Value

Measurement and performance monitoring are important elements of the contract management process through which the Royal Borough evaluates the delivery and subsequently the value for money of a commissioning or procurement exercise.

The monitoring of the delivery of the Social Value element of the contract is no different. All Social Value offers are required to have monitoring clauses for the described outcomes. This may be in the form of Key Performance Indicators where there are defined key deliverable outcomes (number of apprenticeships delivered, CO₂ emissions avoided etc.) or in cases where there are less tangible outcomes (improvements in wellbeing) narrative reporting or case study evidence will be used. Further detail on this is provided within the *Commissioning Guidance* and the *Procurement and Contract Management Guidance*.

It is important that the Royal Borough of Greenwich continues to monitor and understand the Social Value being gained through its procurement and commissioning activities. This is so that adaptations to processes can be made in the future to maximise outcomes derived from our Social Value approach. Robust information on the type and impact of the Social Value gained through the Council's procurement activity will be reported to Cabinet on an annual basis alongside other key information and data on the Council's procurement and commissioning activities.