



Providing commercial services that create and deliver value for one and all

Commercial Policy Note (CPN) – Evaluating and applying Social Value in contracts (CPN 001)

April 2021

Background

This policy note is one of a series of 7 policy notes which sit under the Council's Responsible Procurement Policy. CPN 001 outlines and scopes the Council's commitment to deliver Social Value in our community through our commercial activity.

The Covid-19 pandemic will drive policy for many years to come as we start to recover from the social and economic effects of lockdowns and restrictions including social deprivation, food poverty and mass unemployment.

The need for all local authorities to use the money they spend to drive sustainability, promote social wellbeing, minimise environmental damage and build community wealth is vital. This combined with potential procurement reform following our exit from the European Union, gives Cornwall Council an opportunity to make a real difference in our communities and ensure that we use our sourcing to drive change and embed social improvements that benefit our whole community and helps contribute to the Cornwall we want.

More recently the Cornwall Plan 2020-2050 Gyllyn Warbarth has been approved by full Council and it is important that our policy development takes into account and reflects the Council's priorities.

Policy headlines in relation to Social Value

Weightings should be applied to all new procurements as below:

Revenue and capital projects that sit under the Contract Procedure Rules*

Total Contract Value	Minimum action	Comments
£0-£25,000	One quote – no requirement to evaluate social value. Local suppliers will be considered first.	Local suppliers will be defined as those with a base in Cornwall, this will be determined using their postcode.
£25,000- Regulatory Procurement Threshold*	Social value should be evaluated on a discretionary basis in all new procurements and the weighting should be a minimum of 10% of the total score. For service contracts only consider reservations for local or type of suppliers**	Where social value has not been considered appropriate there should be a clear case for this in the procurement documentation.
Regulatory Procurement Threshold +	Social value should be explicitly evaluated in all new over threshold procurements and the weighting should be a minimum of 15% of the total score.*** Where 15% cannot be achieved a minimum of 10% will be applied.	The requirements should be related and proportionate to the subject-matter of the contract.** A higher weighting should be applied if justified.

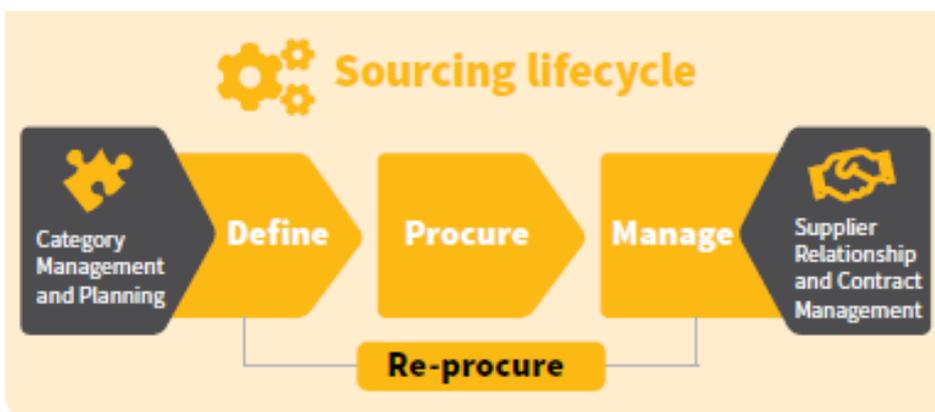
* For grant payments Social value should still be considered but grant conditions take precedence

** Procurements above £25k and below the Regulatory Procurement Threshold can in some circumstances be reserved by supplier location and/or type of supplier. Refer to section below for more detail.

*** Where it is felt that a particular sector may not be in a position to respond to the 15% standard, 10% may be applied. However any deviances will be the exception rather than the rule, and these will be signed off by Commercial Services.

Cornwall Council is ambitious and recognises the importance of social value in its sourcing process. 15% is the expectation and higher weightings for social value will be applied if justified and if it relates to the subject matter of the contract.

Social value will be considered in all areas of the sourcing cycle below:



Define

Social value must be considered at the category planning, sourcing strategy and business case stage.

It will be critical that we put market engagement at the heart of the process and talk to our markets prior to procurements being issued, this will include publishing a forward plan. This will not only allow us to understand what level of Social Value can be sustained but it will also allow the market to prepare for the tender submission and understand our requirements. All market engagement should be done compliantly and in accordance with the procurement regulations.

Having effective and clear specifications which outline our expectations clearly will help drive policy and value throughout the sourcing cycle right through to contract exit. Social Value should be included in specifications with clear measurable objectives which can be evidenced.

For under £25k procurements (minimum of 1 quote process) we will require officers to consider local suppliers in the first instance and requiring a clear rationale when not selecting a local supplier.

Procurements above £25k and below the Regulatory Procurement Threshold **in some circumstances** (see the paragraph below) can be reserved by supplier location and/or type of supplier.

Initially this approach will need to be restricted to services contracts (**not** works or supplies contracts) until the Local Government Act 1988 Section 17 (which prohibits a local authority from taking into account the location of business activities or interests of contractors) may be repealed or amended to override the prohibition.

If the requirements meet the criteria, then the following can be followed.

Reserving the procurement by supplier location

This would mean being able to run a competition and specify that only suppliers located in a geographical area can bid, i.e. Cornwall. Where a county reservation is to be applied, only a single county may be reserved. Supplier location should be described by reference to where the supplier is based or established and has substantive business operations and not by location of corporate ownership.

Reserving the procurement for Small and Medium sized Enterprises (SMEs) / Voluntary, Community and Social Enterprises (VCSEs)

This means being able to run a competition and specify that only SMEs and VCSEs can bid.

Application

These options should be considered on a case-by-case basis and can be exercised on their own or together. For example, we may wish to reserve a procurement for suppliers based in Cornwall and for SMEs and VCSEs only.

However we may still choose to compete below threshold contracts on an open basis without any reservation for supplier type or supplier location where it is considered the approach will deliver better value for money, for example because there is a lack of a competitive market or in order to secure value for money.

There cannot be a blanket approach to reserving procurements by either type of provider or location.

The procurement documentation will need to be clear about any intention to reserve the procurement, for example by including the standardised definitions of SME / VCSE and supplier location outlined in the associated guidance.

It is essential that we achieve value for money and use good commercial judgement in buying decisions. There should be no direct award when reserving procurements in this way.

In reserving procurements, it will be necessary to:

- ensure value for money;
- assess the sector / market;
- identify and manage associated risks, including fraud and corruption;
- ensure a budget is available and approved at an appropriate level(s);
- use suitable model contracts;
- develop simple and proportionate KPI and data reporting mechanisms;
- undertake supplier due diligence checks;
- ensure final approval is obtained
- keep suitable records of commercial decisions;
- publish transparency notices on Contracts Finder as appropriate in a timely manner.

The category strategy, business case or sourcing strategy will define where it is appropriate to have reservations for procurements below the Procurement Regulatory Threshold so that there is evidence of transparent rationale decision making.

Use of Exemptions

Where we need to place an exemption, Social value will be considered as part of the contract award at the levels appropriate to their value as set out in this policy note.

The requirements above are reflected in all our commercial templates and forms part of the toolkit and should be referred to at all times.

Procure

Social value should be explicitly evaluated in **all new** over threshold procurements, where the requirements are **related** and **proportionate** to the subject-matter of the contract. And will require a minimum of 15% weighting of the total score.

This is a change from the requirements under the Public Services (Social Value) Act 2012 where Social Value should be considered, however unnecessary burdens should not be placed on commissioners or suppliers so exceptions will be accepted and signed off on a case by case basis.

For all new under threshold procurements over £25,000 there will be a discretionary requirement to consider, and where deemed appropriate, apply Social Value as part of evaluation weightings this will be 10% minimum of the

total score. Where social value has not been considered there should be a clear case for this.

For contracts under £25,000 there is no mandated consideration of Social Value required within the quotation process, but local suppliers should be considered in the first instance.

Where we feel that a particular sector may not be in a position to respond to the 15% minimum 10% may be applied however any deviances will be the exception rather than the rule, and these will be signed off by Commercial.

Where suppliers cannot meet our requirements, they may make a contribution through the contract to a Social Value Fund.

Manage

Whilst Social value can be defined in the specification and included in the evaluation weightings, in order for us to achieve the value and benefits set out in the contract, robust contract management processes will need to be applied.

This will include monitoring performance against the TOMs and any other requirements of the specification.

Monitoring can also include qualitative information in the form of case studies, annual reports and good practice. Social value conversations should be held as part of the contract review meeting and strategic reviews. More information on this can be found in the contact management toolkit.

Contracts will have a standard Social Value monitoring clause, which will set out how in the Contract Management phase we will monitor and measure our expectations.

Where contracts are going through the extension process Responsible Procurement objectives (including additional Social Value elements) will be part of the negotiation process and there is an expectation that these will be added to the contract as long as they do not constitute a "material change" (as per Regulation 72 of the Public Contracts Regulations)

Measuring Social Value

Bringing consistency in performance and our outcomes will mean that the process for defining social value will be standardised. It will provide a clear and systematic way to evaluate Council priorities in the award of our contracts and in ongoing contract management and allow for key reporting mechanisms to be implemented.

For Social Value this will include using a selection of National TOMs which have been aligned to the Gyllyn Warbarth strategic themes 2020 – 2050. The TOMs selection will provide a framework of outcomes and related measures. In each

case the selected measures should be relevant to the subject matter and proportionate to the procurement. (The draft selection of TOMs is included at the end of this document).

The selection of TOMs should reflect the priorities of the project and link back as a "golden thread" to the Cornwall Plan. The selection of TOMs should be decided by the sourcing officer and outlined at the business case stage and fully justified this should also include how the TOMs will be used in both the evaluation stage and the performance framework of the contract. This should include reference to the category plan and any market engagement activity that has been undertaken. Each TOM will be weighted depending on its priority and evaluation metric, and the combination of these TOMs will feed into the overall tender evaluation weighting for Social Value (10-15%)

There will be a set of core TOMs related to carbon reduction which are mandatory for all procurements. These TOMs reflect Cornwall's ambition in relation to its Carbon objectives and should be weighted accordingly.

A key benefit of a TOMs-based social value measurement mechanism is that it can be made specific to Cornwall (using proxies) whilst providing a consistent methodological approach to assess our performance in the delivery of Social Value.

Using the TOMs will allow us to monitor and manage the level of Social Value achieved through procurement and contract management activities on a whole-Council, Directorate and contract level. As this mechanism becomes embedded we plan to suggest that the corporate KPIs move to including progress against the TOMs indicators rather than spend on Cornish suppliers.

The TOMs will provide the "golden thread" between Council Priorities, social value strategy and delivery

Themes – the components of an organisation’s “vision” for social value

Outcomes – the positive changes that the organisation wants to see. In effect, what “good” looks like to that organisation

Measures – what objective indicators will be used to measure whether these outcomes are being met



Scope

This Commercial Policy Note (CPN) applies to all **new** procurements (Revenue and capital spend) after the start date which are covered both by the Public Contracts Regulations 2019 and the Council's Contract Procedure Rules.

Timing

This CPN is effective from the date of publication on the intranet. The Social Value Model should be applied to all new procurements from April 2021.

Actions required by officers that source goods, works and services on behalf of Cornwall Council

Officers must:

- Comply with all aspects of the Responsible Procurement Policy
- Apply the list of priority Themes, Outcomes and Measures (TOMs) in new procurements in accordance with the Table below
- Ensure they attend the e-learning session on Social Value which is accessible on the Learning Pool
- Read and apply the toolkit and commercial templates

Further guidance on applying the model will be published on the intranet including toolkits and supplier information packs.

Policy Context

The policy is supported by the current policy position from Central Government, which supports using commissioning to support key social outcomes and build community wealth. The public sector is being looked at to maximise social value effectively and comprehensively through its procurement.

There is a need to apply Social Value requirements in procurement, as it has clearly been shown to have a significant and positive impact on the local economy, sustainability and community wealth. This is even more important as we seek to recover from the covid-19 pandemic.

The Social Value element of the Responsible Procurement Policy has been designed in consultation with Members, legal services, our supply chain, services and Commercial Officers. It also formed part of the work undertaken by the

Customer and Support Services Overview and Scrutiny Inquiry panel into Developing Local Supply Chains.

Application of the policy will be mandatory and will form part of our Contract Procedure Rules, but officers will retain flexibility in deciding which of the TOMs should be applied to their particular procurement to ensure relevance and proportionality.

Training

The commercial team has created e-learning resources and toolkits to support implementation of the policy.

Contact

Enquiries about this CPN should be directed to the Commercial Team Helpdesk on procurement.team@cornwall.gov.uk

OUTCOMES FOR A CLEANER, GREENER CORNWALL		TOM	Measure
1	Air pollution So everyone can breathe clean air	NT33	Car miles driven using low or no emission staff vehicles included on project as a result of a green transport programme
2	Biodiversity So we bring back more of our natural flora & fauna	RE48a	Volunteering with environmental conservation initiatives or engagement in multi-stakeholder and advocacy initiatives around environmental conservation and sustainable ecosystem management - resources invested including time, funds and in-kind contributions
3	Chemical pollution So our land and waters are healthy & pollution free	NT68	Plastic recycling rate on the contract (to e.g. reduce microplastics)
4	Climate Change So future generations do not suffer the consequences of an overheated planet	NT53	Innovative measures to safeguard the environment and respond to the climate emergency to be delivered on the contract - these could be e.g. co-designed with stakeholders or communities, or aiming at delivering benefits while minimising carbon footprint from initiatives, etc.
5	Land use change So we make more space for nature	NT47	Donations or investments towards expert designed sustainable reforestation or afforestation initiatives
6	Ocean health So our seas are sustainable & pollution free	NT67	Donations or investments towards initiatives aimed at environmental and biodiversity conservations and sustainable management projects for both marine and terrestrial ecosystems
	Soil & waterway health So our land and waters are healthy & pollution free	<i>Covered by Chemical pollution indicator above</i>	
7	Waste So future generations have enough resources	NT71	Value of local partnerships to implement circular economy solutions
8	Water resources So everyone has adequate clean water	RE42	WATER: Percentage of buildings meeting good practice benchmark (e.g. REEB)

OUTCOMES FOR A FAIRER, MORE INCLUSIVE CORNWALL		TOM	Measure
9	Connectivity So everyone can access opportunities to live, work & play	NT28	Donations or in-kind contributions to local community projects (£ & materials) in relation to connectivity
10	Education So everyone can fulfil their potential	NT9	No. of weeks of training opportunities on the contract (BTEC, City & Guilds, NVQ, HNC) that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2,3, or 4+
11		NT10	No. of weeks of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation until completion in the following years - Level 2,3, or 4+
12	Equality So everyone can thrive in a diverse, inclusive and anti-racist Cornwall	NT21	Equality, diversity and inclusion training provided both for staff and supply chain staff
13	Food So no-one goes hungry	NT28	Donations or in-kind contributions to local community projects (£ & materials) in relation to food
14	Fuel poverty So no-one has to choose between heating and eating	NT28	Donations or in-kind contributions to local community projects (£ & materials) in relation to fuel poverty
15	Health So everyone can live longer in good health	NT26	Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc.) or wellbeing initiatives in the community, including physical activities for adults and children
16	Housing So everyone has a decent, secure & affordable home	NT25	Initiatives to be taken to tackle homelessness (supporting temporary housing schemes, etc.)
17	Income So no-one lives in poverty	NT18	Total amount (£) spent in LOCAL supply chain through the contract
18		NT19	Total amount (£) spent through contract with LOCAL micro, small and medium enterprises (MSMEs)
19	Political voice So everyone has a say over decisions that affect them	NT30	Support provided to help local community draw up their own Community Charter or Stakeholder Plan
20	Safety So everyone can live safely together	NT24	Initiatives aimed at reducing crime (e.g. support for local youth groups, lighting for public spaces, private security, etc.)
21	Social networks So everyone has a sense of belonging and support	NT27	Initiatives to be taken to support older, disabled and vulnerable people to build stronger community networks (e.g. befriending schemes, digital inclusion clubs)
22	Work So no-one is unwillingly out of work	NT1	No. of local direct employees (FTE) hired or retained (for re-tendered contracts) on contract for one year or the whole duration of the contract, whichever is shorter