

Cheshire East Social Value Policy

What does it mean for the Cheshire East Pound?



1. Purpose

This policy sets out the legal context for social value and the six social value objectives that Cheshire East Council have agreed to deliver through commissioning and procurement activity.

The framework sets out the expected outcomes for each objective and provides examples of how suppliers could contribute towards these outcomes. The Case Study section of the framework is being developed and will provide social value examples from within and outside of the Cheshire East area.

2. Background and Scope

The Public Services (Social Value) Act 2012 came into force on 31st January 2013¹. It is now a legal obligation for local authorities and other public bodies to consider the social good that could come from the procurement of services before they embark upon it.

The aim of the Act is not to alter the commissioning and procurement processes, but to ensure that as part of these processes, councils give consideration to the wider impact of the service's delivery. It allows local authorities to, for example, choose a supplier under a tendering process who not only provides the most economically advantageous service, but one which goes beyond the basic contract terms and secures wider benefits for the community.

It could be argued that this type of approach was adopted as good practice across Cheshire East Council before the Act came into force. However, together the Act and this policy provide an opportunity to deliver a cohesive yet flexible and innovative approach to generating social value through public procurement.

The statutory requirements of the Public Services (Social Value) Act 2012 only apply to public service contracts above EU threshold. However, in order to incorporate the good practice associated with social value into mainstream commissioning and procurement practice, it is the intention of Cheshire East Council to embed this policy and framework within all commissioning and procurement activity wherever proportionate and practicable.

This policy statement sets out the aims in this regard. In particular it seeks to:

- Set out a definition of social value for Cheshire East Council
- Sets out the policy context and application for social value in Cheshire East
- Set out the priority policy objectives
- Sets out a Cheshire East Social Value Framework

3. Defining Social Value

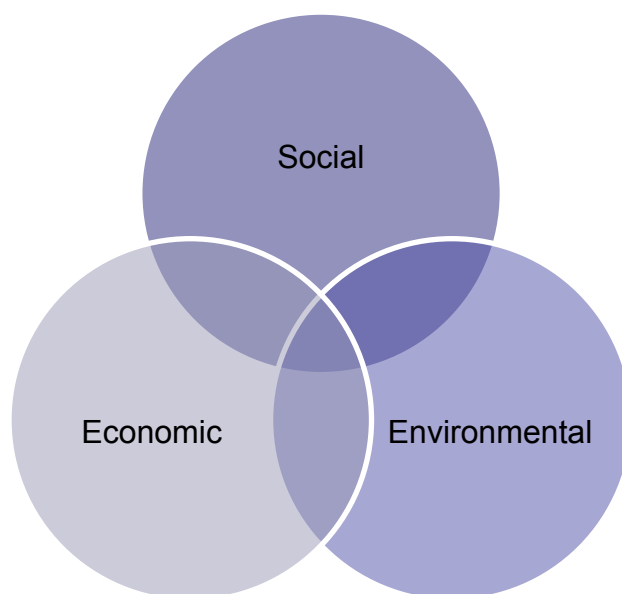
~~The Public Services (Social Value) Act 2012~~ does not define what is meant by 'social

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value', but offers a broad definition of Social Value. Therefore Cheshire East Council will adopt the definition of social value as set out by the Sustainable Procurement Taskforce².

Social Value is defined as:

A process whereby organisations meet their 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 organisation, but also to society and economy, whilst minimising damage to the environment.



Social value essentially asks the question “if £1 is spent on the delivery of goods and services, can the same £1 also be used to produce a wider benefit to the community”. It is the additional benefit to the community from a procurement process over and above the direct purchasing of the good and services. This recognises that every time the public sector spends money, it should do so in a way that achieves as many of its overall objectives as possible. Examples include:

- Develop community led initiative to engage with some of the Boroughs more vulnerable residence;
- Creates apprenticeships for the young Cheshire East residence;
- Create new job opportunities in the borough
- Provide opportunities to become part of a supply chain
- For large scale contracts provide input to curriculum development in key areas

4. Policy Context and Application

² [Procuring the Future: Sustainable Procurement National Action Plan](#)

Cheshire East Social Value policy sits within the overarching Cheshire East Corporate Plan. The Corporate Plan consists of six outcomes that demonstrate how Cheshire East Council will put the residents of Cheshire East first in the way that services are provided. Outcome numbers 1-5 focus on the activities directly affecting residents and local businesses. Outcome number 6 focuses on maximising value for money in the way the Council operates.

Outcome 1 – Our local communities are strong and supportive

Outcome 2 – Cheshire East has a strong and resilient economy

Outcome 3 – People have the life skills and education they need to thrive

Outcome 4 – Cheshire East is a green and sustainable place

Outcome 5 – People live well and for longer

Outcome 6 – A responsible, effective and efficient organisation

Each year the Council spends millions of pounds procuring a wide range of goods and services, and it is recognised that there can be no “one size fits all”. This policy will therefore need to be applied in a proportionate manner and be tailored to reflect what is being procured and how. It is the role of service commissioners and procurement leads to consider, on a contract by contract basis, what Social Value opportunities and outcomes may be relevant to that contract.

The Act applies to service contract and contracts above the EU threshold which combine service with the purchase or hire of goods, but not work and supply contracts. However, Cheshire East has for many years considered social, economic and environmental issues when procuring goods and services. Therefore social value outcomes will be considered in all contracts over a value of £5,000 (i.e. both below and above the EU threshold set out in the Act), where it can be shown that it is **relevant and proportionate** and is compliant with Public Contracts Regulations.

Cheshire East will undertake, at pre-procurement stage, a social value opportunity assessment, alongside any consultation to help decide how what is procured or commissioned might improve the economic, social and environmental well-being of the area and how this may deliver outcomes relevant to the priorities of the Councils overarching strategy.

Social Value can be addressed through a number of levers in the procurement and commissioning process;

- Asking relevant, targeted questions at the **Pre-Qualification Questionnaire** stage of major procurements – seeking to ensure that the shortlist of bidders is made up of suppliers with a strong track record on delivering social value.
- Asking specific, target-setting questions at the **Invitation to Tender** stage of relevant procurements – allowing bidders to propose specific targets and delivery plans to reduce emissions, create local employment opportunities, and provide other sustainable outcomes.

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- Including sustainable requirements as part of the specification of contracts, where possible, for example to ensure that what is purchased meets sustainable environmental standards.
- Taking steps to improve the **accessibility** of the procurement process itself, allowing a diverse range of bidders to participate. For example:
 - ✓ Removing or reducing financial turnover thresholds, where financial risk is not high, to enable small firms or start-ups are not excluded;
 - ✓ Dividing larger contracts into **lots** so that small organisations with limited capacity can bid for part of the contract;
 - ✓ Ensuring the procurement process is accessible to bids from **consortia** or partnerships;
 - ✓ Engaging in **supplier engagement** with the market, prior to major tender exercises, to ensure local bidders understand the process.

If the procurement is carried out in emergency circumstances, not due to any delay on our part, making it impractical to comply with the Act, then we may need to disregard the requirements. This is as set out in the Act.

Under the duty of Best Value local authorities also need to consider overall value. Whilst this includes economic, environmental and social value, the duty also requires local authorities to secure continuous improvement in the way in which its functions are carried out and consider the combination of economy, efficiency and effectiveness. It should be noted that the Best Value duty has not been repealed by the Act. Therefore whilst looking at Social Value the Best Value duty remains throughout and is an important factor for local authorities in the weighting and evaluation of bids.

5. Cheshire East Procurement Principles

As we face increasing pressure on resources and an increased demand on public services, it is essential that we achieve the maximum value from each pound we spend. When we commission and procure services, we need to be outcomes focussed in addition to concentrating on outputs, by doing this we will ensure that the greatest impact **and** the best value for money for the residents of the borough are achieved.

This Social Value Framework will achieve this by ensuring that social, economic and environmental outcomes are embedded where appropriate into our procurement practices, not only to achieve greater impact from each procurement opportunity but to act as a support mechanism to enable true consideration by Commissioners and Procurement Officers.

Cheshire East Council is committed to and expects that our providers and suppliers are committed to:

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- Supporting the local economy including SME's and voluntary community and social enterprise (VCSE) sector
- Including measurable clauses in contracts to demonstrate both Social Value and value for money
- Supporting the business and voluntary community and social enterprise (VCSE) sectors through transparent and proportionate procurement processes and contracts
- Ensuring robust contract management is in place to monitor and measure social value outcomes in partnership with our providers and suppliers
- Paying our suppliers promptly

6. Social Value Objectives

The following objectives reflect the definition of social value (set out in Section 3):

- **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 Cheshire East
- **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

7. Social Value Framework

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Objective	Outcomes: What are we trying to achieve?	What could this mean for suppliers? What could they deliver (Examples Only – this is NOT and exhaustive list)	Case Studies / the art of the possible – ideas to initiate discussions / innovations
1. Promote Employment & Economic Sustainability	Outcome 1: More local people in work	<ul style="list-style-type: none"> • Create x number of new jobs in the local economy • Create x number of traineeships (including apprenticeships) for local residents • Provide x number of days of meaningful work experience for local residents • Support x number of people back to work by providing career mentoring for job clubs, including mock interviews, CV advice, and careers guidance • Supporting young people into work by delivering employability support (e.g. CV advice, mock interviews, careers guidance) to x number of school and college students • Employ x number of ex-offenders (or other group of people who typically face additional challenges in competing in the labour market) 	
	Outcome 2: Thriving local businesses	<ul style="list-style-type: none"> • Support x number of new business start-ups by running practical workshops with enterprise clubs • Support the local economy by spending x% of total expenditure in the local supply chain • Support the local supply chain by spending x% of total expenditure in a xx-mile radius of / within Cheshire East • Supporting local SMEs and businesses 	

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	Outcome 3: Responsible businesses that do their bit for the local community	<ul style="list-style-type: none"> • Attract £x worth of inward investment into the borough • Secure positive profile for the Cheshire East through x number of positive stories in the national media • Support the Fairtrade status by ensuring that x% of food products in the supply-chain is Fairtrade • Secure £x-worth of investment in, or in-kind contributions to, fuel poverty initiatives in Cheshire East • Supporting SME's and local businesses <ul style="list-style-type: none"> – take steps to ensure our procurement process is accessibly by identifying and removing barriers. - Supporting suppliers in identifying local supply chains and sub-contracting partners. - Provide x number of engagement and information sessions to ensure local SMEs understand the procurement process. 	
2. Raise the living standard of local residents	Outcome 4: A Local workforce which is fairly paid and positively supported by employers	<ul style="list-style-type: none"> • Work towards paying staff the Living Wage • Increase rates of pay for lowest-paid staff by x% • Improve the skills levels of existing staff by training x% of the workforce to Level 2/3/4 (for example) • Reduce average sickness absence by x% through an improved health, wellbeing and support package for staff • Identify all staff who are carers and ensure flexible working practices are implemented to support these responsibilities within x weeks of contract start date 	

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3. Promote Participation and Citizen Engagement	Outcome 5: Individuals and communities enabled and supported to help themselves	<ul style="list-style-type: none"> • x% of service users supported to self-help • Coordinate and run a befriending scheme to reduce social isolation (and thus prevent the consequences of social isolation) for x number of older people 	
4. Build capacity and sustainability of the Voluntary and Community Sector	Outcome 6: An effective and resilient third sector	<ul style="list-style-type: none"> • Contribute x number of hours of business planning support / financial advice / legal advice / HR advice to community and voluntary organisations through an Employer-Supported Volunteering scheme • Provide facilities for use by community and voluntary organisations for x number of hours per year • Work with community and voluntary organisations to create x number of new volunteering opportunities in Cheshire East • Support local third sector organisations through the supply chain by spending x% of total expenditure with community and voluntary sector providers based in Cheshire East 	

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5. Promote Equity and Fairness	Outcome 7: A reduction in poverty, health and education inequalities.	<ul style="list-style-type: none"> • Work towards paying staff the Living Wage • Increase rates of pay for lowest-paid staff by x% • Reduce average sickness absence by x% through an improved health, wellbeing and support package for staff • Identify all staff who are carers and ensure flexible working practices are implemented to support these responsibilities within x weeks of contract start date • Supporting young people into work by delivering employability support (e.g. CV advice, mock interviews, careers guidance) to x number of school and college students 	
	Outcome 8: Acute problems are avoided and costs are reduced by investing in prevention.	<ul style="list-style-type: none"> • x% overall spend disinvested from acute interventions and reinvested in prevention • Support prevention by running education and publicity campaigns with specific targets (e.g. support x number of staff / residents / service users to stop smoking / increase their physical activity / access money advice) 	

Objective	Outcomes: What are we trying to achieve?	What could this mean for suppliers? What could they deliver (Examples Only – this is NOT and exhaustive list)	Case Studies / the art of the possible – ideas to initiate discussions / innovations
6. Promote Environmental Sustainability	Outcome 8: We are protecting our physical environment and contributing to climate change reduction.	<ul style="list-style-type: none"> • Reduce the amount of waste generated by x% compared to previous contract • Reduce the amount of waste sent to landfill by x% compared to previous contract • Reduce carbon emissions by x% per year • Reduce overall energy consumption / water consumption by x% per year • Increase the use of renewable energy / community generated renewable energy as a proportion of total energy consumption by x% over the lifetime of the contract (without increasing overall energy consumption) • Support x number of households to better manage their energy demands through improvements in the fabric of their homes, bringing them out of fuel poverty and contributing to climate change goals 	