

From: Catherine Rankin, Cabinet Member for Strategic Commissioning
Vincent Godfrey, Strategic Commissioner

To: Scrutiny Committee

Subject: Maximising Social Value through Commissioning

Classification: Unrestricted

Past Pathway of Paper: N/A

Future Pathway of Paper: N/A

Summary:

This report provides an update on the application of KCC's social value policies in its commissioning activity.

Recommendation(s):

The Scrutiny Committee is asked to **note** the update on progress provided in this report

1. Introduction

1.1 The term "social value" describes the wider social, economic and environmental benefits that can be secured over and above the core requirements identified when supplies, services and works are commissioned. Social Enterprise UK describes this in an introductory guide to social value, Public Services (Social Value) Act 2012: A Brief Guide:

"'Social value' is a way of thinking about how scarce resources are allocated and used. It involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is... Social value asks the question: 'If £1 is spent on the delivery of services, can that same £1 be used, to also produce a wider benefit to the community?'"

1.2 The terminology may be relatively modern but in practice, assessing social value is one aspect of considering overall value for money (or "best value") and is nothing new. Local authorities have been subject to a general "Duty of Best Value" since the Local Government Act 1999 was enacted. This is not simply about the lowest price but involves taking a balanced consideration of overall economy, effectiveness, and efficiency. The emergence of the term social value reflects a widespread recognition of the need to take a multi-faceted view of the most optimal way to achieve outcomes with public money.

1.3 The Public Service (Social Value) Act 2012 came into force in 2013. It requires certain public bodies including local authorities, to consider social value when commissioning supplies, services and works subject to the Public Contracts Regulations 2015 (above prescribed value thresholds). The Act requires commissioners to consider the following at the pre-procurement stage:

- how the services they are going to buy might improve the social, economic or environmental well-being of the area;
- how they might secure this improvement; and
- whether they should consult on these issues.

1.1 In 2015 Lord Young was commissioned to review the impact of the Act after its first two years in force. The review concluded that it had made a good start by encouraging commissioners to think about securing value in highly innovative ways that have generated significant cost savings and demonstrated a much more responsive way of delivering better outcomes. Some key issues arose repeatedly during the review about the definition of social value, and how to include it in the procurement process. It advocated the need to do more work to implement the Act through promoting awareness, improving understanding, and developing appropriate measures to evaluate social value.

1.2 Lord Young recognised that the Act is one tool to promote the wider uptake of an approach to commissioning for social value. Since Lord Young's review, the application of the Act has garnered much enthusiasm and new developments are expected to follow this year that extend the requirement to "account for" social value, rather than to simply "consider" it. On 11th March 2019, Minister for Implementation Oliver Dowden launched a consultation on how government should take account of social value in the award of central government contracts.

2. Strategic Background

2.1 Local government plays a crucial role in shaping and influencing the overall social, economic and environmental wellbeing of the communities it serves. As a member led authority, Kent County Councillors determine the strategic priorities of the organisation, including social value. The Council also has a strategic leadership and enabling role, influencing local provision across public services to ensure that the efforts of all agencies are focused on the outcomes of greatest importance to Kent people.

2.2 Social value is therefore intrinsic to the Council's core purpose. As set out in 'Increasing Opportunities, Improving Outcomes: The Strategic Statement for 2015 – 2020', the administration has outlined its vision to

"...[improve] lives by ensuring that every pound spent in Kent is delivering better outcomes for Kent's residents, communities and businesses."

2.3 The ambitious target outcomes set by the Council reflect this commitment. The administration has a strong track record of delivering major initiatives that reflect its social value priorities and despite the significant financial challenges in recent years, the Council has remained focused on targeting services and activities that maximise overall value to the people of Kent and not simply

delivering statutory requirements. There are a broad range of examples which demonstrate this as follows.

- 2.1.1 Kent County Council (KCC) has been a longstanding and vocal champion of skills development including vocational training and employability programmes. It has developed specific expertise and knowledge around this agenda over many years and developed a mature sector in the county by working in collaboration with Kent businesses. Since the introduction of the new Apprenticeship Levy, it has encouraged schools and employers to utilise the Levy to attract new employees and to invest in their existing workforce. It has also worked with its partners providing advice and enabling employers to advertise apprenticeship vacancies on the Ready to Work Kent website. At the same time, the successful “Made in Kent” campaign supports employers and young people. A benchmarking exercise of the Apprenticeship Levy in December 2017 with 10 local authorities of differing sizes and locations showed KCC had achieved the highest number of apprenticeships starting of those who responded.
 - 2.1.2 The Council has also been integral in significant local growth initiatives over the years such as supporting access to finance and enabling infrastructure through Regional Growth Funding, Enterprise Zone status, sector deals, and the Big Society Fund. It has also delivered ambitious and innovative projects like Turner Contemporary, taking a holistic perspective on routes to support community wellbeing through local growth and cultural development.
 - 2.1.3 There are many other examples of forward-thinking initiatives designed by the Council which have supported the wider wellbeing of the county such as the Kent School Games, the Young Person’s Travel Pass, or community wardens. The Council also subsidised 126 non-profitable bus routes to serve isolated communities, acknowledging the important impact this can have on social isolation. It continues to look at ways to develop innovative and sustainable ways of providing transport to isolated communities with pilots starting in summer 2019.
 - 2.1.4 The Council has worked in close collaboration on the Kent Environment Strategy, which provides a strategic framework for closer cross-sector partnership working between environment, health and economic agendas. The strategy identifies high-level priorities and focuses on the activities that would most benefit from partnership working, setting out opportunities where Kent’s natural environment can provide positive outcomes for health, wellbeing and ultimately the economy.
- 2.2 Collaborative working with local partners and communities is at the heart of the Council’s approach. In particular, the Council relies upon a strong relationship with voluntary, community and social enterprise sector (VCSE) organisations across the county, drawing on the important and extensive contribution they bring to the social, economic and environmental wellbeing of Kent. For example, the Council’s Strategy and Vision for Adult Social Care 2018-2021

'Your Life, Your Wellbeing' recognises local community-based services as a lynchpin in the model to support people to manage their needs in their own homes for as long as possible.

- 2.3 In recognition of this contribution, the Council outlined its commitment to the sector in the Voluntary and Community Sector Policy 2015. This included measures to support the sector through different means including a new grant framework recognising the value of grants as an important element of supporting organisations within the community in pursuit of their aims, and for developing new and innovative approaches to delivering KCC outcomes.
- 2.4 It also set out the offer of infrastructure support which is currently being delivered by a three-year contract with Stronger Kent Communities, a consortium of organisations whose objective is to champion the voluntary sector and volunteering in Kent. The aim of this investment is to deliver ongoing benefits for the sector by creating a self-sustaining model in the medium term.
- 2.5 As part of the outcomes framework in place with Stronger Kent Communities, there is a clear focus on adding social value. For example, it is stated that:
- the voluntary sector should be supported to grow and develop, enabling residents to enjoy a good quality of life, and more people to benefit from greater social, cultural and sporting opportunities;
 - in particular, the voluntary sector should be supported to understand and demonstrate their impact and social value; and
 - volunteering should also be regarded as a valuable opportunity for individuals to contribute to their community and should be made accessible to all regardless of their skills or time capacity.
- 2.6 The Council's broad perspective of opportunities to influence the social, economic and environmental wellbeing of the County gives a flexible framework to consider how achieve social value in the most meaningful way, taking account of different factors and balancing requirements appropriately.

3. Social Value in a Strategic Commissioning Authority

- 3.1 In 2013, "Facing the Challenge: Whole Council Transformation" set out the Council's commitment to meeting the financial challenges it faced over the medium term through whole council transformation. The fundamental driver underpinning this plan was "an absolute focus on delivery of better outcomes, as this will enable us to provide those services people value most and have the greatest impact on the lives of our residents".
- 3.2 The Council set out a commitment to embed a new operating model as a strategic commissioning authority with a greater focus on outcomes and less focus on the process or vehicle used to deliver services. Since then, the Council has been on a journey of continuous improvement to develop and embed the discipline of commissioning into the culture and 'mindset' of the organisation in everything that it does. Achieving overall value for money, which includes social value, is essential to this approach.

3.3 The 2014 Select Committee Report “Better Outcomes, Changing Lives, adding Social Value” examined opportunities to improve commissioning of services to achieve social value. It outlined areas of focus to improve commissioning and procurement practice in the organisation, particularly the removal of barriers for VCSE and SMEs. These included:

- defining the Council’s commissioning strategy, roles and responsibilities;
- excellent, appropriate and timely communication;
- excellent market engagement and development;
- simplified and standardised procurement processes;
- embedding outcomes focused and excellent contract management; and
- maximising social value.

3.4 In December 2014, the Council then published a “Commissioning Framework” which established ten key principles directing the approach to strategic commissioning within the organisation. Principle nine stated that ‘We will Maximise Social Value’ with a specific goal to:

“...plan how to maximise the community benefits through any commissioning activity that is being undertaken. We will apply the same considerations of social value to all commissioning that we undertake, we will focus on social value priorities that are most relevant to KCC and from the earliest possible stage, as a standard part of designing and specifying any KCC service, we will incorporate social value outcomes and consider how equality can be advanced, where relevant, in a proportionate way.”

3.5 Alongside this, significant supporting activity was undertaken including the development of a commissioning toolkit to support officers to deliver against these principles, and a “commissioning network” bringing together officers working in the function of commissioning across directorates.

3.6 The Strategic Commissioning division was established in 2017 and brought together the commissioning functions for social care and public health, analytics and commercial advice and support for the rest of the organisation. The new division is focused on improving commissioning capability through a strategy focused on three key aspects:

- commercial judgement and leadership;
- evidence based decision making; and
- performance reporting and analysis.

4. Promoting and Embedding Social Value

4.1 In the last three years, the Council has sought to embed social value principles in commissioning by:

- promoting awareness, enabling delivery and assuring compliance with the requirements of the Social Value Act; and
- ensuring social value priorities influence practice throughout the commissioning cycle

- 4.2 An early work stream developed as a result of the Commissioning Framework was to review the use social value criteria in procurement. This work included:;
- establishing a cross directorate working group that captured lessons learned, reviewed options, engaged with commissioners and championed social value across the Council;.
 - publication of tools and resources to assist commissioners with using the Act, including case studies, FAQs, guidance and prompts, process maps, and evaluation templates;.
 - the development and publication of a social value framework specifically for Adult Social Care funded by the Cabinet Office and co-designed with the voluntary and community sector working in the market;.
 - workshops to share associated learning between commissioners and a dedicated Extended CMT session; and.
 - engagement with other local authorities to share wider best practice and contribution to the Cabinet Office Commissioning Academy.
- 4.3 Informal governance boards were also revised in 2016 to provide collective senior officer and Member oversight across major commissioning and contract management activity - including the Strategic Commissioning Board, Commissioning Advisory Board, Budget Programme Delivery Board and, later, the Contract Management Review sub group. These groups provided an additional layer of informal assurance which incorporated social value considerations. The Strategic Commissioning Board terms of reference included the oversight of major commissioning proposals with a remit to review options and delivery models, and check value for money. Board papers included a checklist to prompt challenge as to whether social value had been considered when appropriate. The new informal governance boards introduced in 2018 retains this role.
- 4.4 A Contract Management Review Group was also established as a sub group of the Budget and Programme Delivery Board in 2016 to undertake a continuous programme of contract management maturity reviews designed to provide the Council with assurance that the right activities are undertaken consistently at the appropriate standard across the organisation. This Member and Officer group has offered significant value since its inception and continues to capture a range of key insights informing the contract management approach across the Council. The maturity assessment matrix used by the Board includes a section on 'measuring performance' which provides an additional check that social value criteria have been met.
- 4.5 The Council has moved into the next phase of maturity in its strategic commissioning model. This is focused on enhancing commercial leadership and judgement throughout the commissioning cycle. This includes (but is not limited to) developing commercial strategy, maximising competition through a diverse supply base, working collaboratively with the market, developing optimal evaluation criteria, selecting effective KPIs, and robust contract management. By being open to a range of delivery models and taking account of value for money in its broadest sense, these skills will support the organisation to maximise and monitor social value opportunities through the whole commissioning process.

- 4.6 For example, the Council seeks to open competition to local small and medium sized enterprises (SMEs) wherever possible. For many years, the Council has sought to use procurement options which reduce barriers to small businesses such as breaking up contracts into lots when possible, streamlining bureaucracy in the procurement process or use of Dynamic Purchasing Systems which enable new providers to join and bid for work during a framework period. These options need to be considered on a case by case basis, taking account of the best overall commercial option including benefits and impacts associated.
- 4.7 Strategic Commissioning currently has several programmes underway to deliver this phase of activity through setting consistent standards, developing commercial capability and assuring compliance. The scope of this work includes;
- setting standard methodologies to appraise value holistically using HM Treasury Green book principles;
 - guidance on market engagement, market development and market making which reflect social value considerations;
 - development of decision-making templates which transparently account for social value considerations;
 - the streamlining and standardisation of procurement documents to reduce barriers for SMEs and VCSE organisations;
 - publication of a contract management standard which includes mandatory monitoring of any social value criteria agreed in a contract;
 - significant investment in professional training and accreditation for commissioners;
 - horizon scanning and engagement with other local authorities, national government and partners to capture best practice, consider innovative new ideas and standardise approaches to measuring social value; and
 - development of improved systems which will enhance the current contracts register and enable commissioners to automate contract management performance monitoring, including social value considerations.

5. Different Approaches to Social Value: Case Studies

- 5.1 There is no one size fits all way to measure social value given the broad remit it covers. There are, however, some helpful examples of activity which demonstrate successful application of social value principles through procurement designed to suit the commissioning activity in question.

Highways Term Maintenance Contract

- 5.2 The Highways Maintenance Term contract uses twelve specific performance targets to monitor delivery of social value appropriate to the service and organisation from a broad perspective as follows.
- Percentage of complaints received by Kent of which Amey are directly accountable
 - Percentage of complaints responded to in 20 working days

- Insurance claims responded to in 21 days (where provider has some accountability)
- Monthly number and value of third-party claims paid out
- Percentage of workforce on the contract engaged as an apprentice
- Percentage of total workforce employed from a Kent postcode
- Percentage of suppliers paid within 30 days
- Health and safety – balanced scorecard
- Percentage of material derived from landfill
- Amey (TMC) Environmental Balanced Scorecard
- Service User Satisfaction Service
- Percentage of Community Involvement Days Completed across Contract

5.3 This has been an effective way of providing focus on the delivery of social value outcomes by incorporating this into overall performance reporting and contract management. Notably, the contractors have consistently delivered above the target to engage 3% of the workforce on the contract as an apprentice.

5.4 Plans for the next contract currently in design incorporate also this approach and tie the KPI to the Council's strategic outcomes. A similar approach to include apprenticeship KPIs been successfully applied to the current Street Lighting contract.

Schools Capital Programme

5.5 As part of the Capital Programme of Basic Need school expansions across the county, contractors are scored on Key Performance Indicators. One of the KPIs measures the 'Professionalism of the Contractor'. Within this measurement, there are scores for the social value that the contractor provides. These include such measurements as the number of apprentices employed related to the project by the contractor and the percentage of the workforce that would be considered local.

5.6 On top of the KPIs, construction projects are usually run under the Considerate Constructors Scheme. This sets out five key principles that constructors are to be mindful of during their contract. One of the principles is to 'respect the community'. This principle required contractors to contribute to and support the local community within which they are working. Two recent schemes – Langley Park Primary Academy and Temple Hill Primary Academy have been nominated for Considerate Constructor awards.

Social Care and Public Health contracts

5.7 The profile of the market working in adult social care and public health provision is very different, and social value has been incorporated into procurement through a more open-ended requirement, allowing room to capture varied approaches. For example; the current contract for care and support in the home makes clear that the Council's services have 'a social purpose and therefore the Council [requires] that services become smarter at determining social value... through improving the economic, social and environmental well-being of Kent'. The contract explicitly requires the provider to ensure that they support the Council's principles for social value, which are recorded in full detail within the

contract and are intended to act as an indicator for the supplier of practical ways they can deliver social value outcomes in line with KCC's ambitions.

- 5.8 The provider's consideration of these principles is managed through the broader contract management scorecard completed by the supplier on an ongoing basis. Specifically, for the provider to receive a good rating, in relation to its business assurance and responsible business conduct, they must provide evidence of ethical working, providing local employment, mostly buying Kent first, good community development, being a fair employer in terms of staff wages and terms and conditions and having most green and sustainable communities' practice.
- 5.9 Similarly, in the community substance misuse service, the requirements on the provider to consider the Council's social value principles have been stipulated and are monitored through standard contract management review processes. Through contract management reviews with the provider, the added social value they have provided has been captured, specifically in relation to the creation of local employment and training opportunities. This includes a thriving apprenticeship programme, and an active recovery support programme which encourages those who have successfully completed treatment to work as peer mentors within the service to support current service users. This is an opportunity that many people see this as the first step to permanent employment, often after a significant amount of time of not being in work.
- 5.10 Live Well Kent is a further example of how a service has been designed, in partnership with local providers, with consideration of wider social, economic and environmental benefits that could be secured for the local community. Live Well Kent is a network of mental health and wellbeing organisations, delivered on behalf of Kent County Council and the NHS by two charities (Porchlight and the Shaw Trust), which support residents to manage their mental health, physical or emotional wellbeing before situations reach crisis. Over thirty different organisations are part of the scheme which launched in May 2016 and which has worked with over 4,500 isolated and vulnerable individuals.
- 5.11 The delivery model for Live Well Kent is based on working with and maximising existing assets within the community and linking individuals with what is going on in their community. When the service was established, an amount of funding was also set aside from the main contract for an innovation grant to support innovative ideas and community-based projects. Use of the grant is included in the quarterly performance highlight report. Some recent examples have included;
- the development of a 'digital natives' project aiming to work with young adult carers to enhance their digital literacy and employment skills
 - Shepway Sports Trust "Active for All", a 12-month project working with the Shepway Sports Trust Active programme which specifically focuses on people aged 16+ living with a mental health condition. They also offer sessions to socialise, chat and develop new friendships
 - courses targeting carers focused on the six ways to wellbeing

- an arts projects to support LBGT+ in Swale to enable this community to experience high quality artwork and create a project to raise awareness.
- support for a music jamming group

6. Conclusion

6.1 Social value is integral to the Council's business as a local authority. It drives the overarching priorities set by the organisation, informs the way in which it works with partners and influences how supplies, services and works are commissioned.

6.2 The Council is continuing to improve its skills and experience in this field as it moves through the next phase of maturity in its strategic commissioning approach. It will continue to draw on best practice from successful activity and look for innovative new models in order to achieve the best outcomes possible with the resources available.

7. Financial Implications

N/A

8. Legal implications

N/A

9. Equalities implications

N/A

10. Recommendation(s):

The Scrutiny Committee is asked to **note** the update on progress provided in this report

11. Background Documents

- [Embedding Strategic Commissioning as Business as Usual](#), Report to Kent County Council, 10th December 2015.
- [Increasing Opportunities, Improving Outcomes: Kent County Council's Strategic Statement, 2015 – 2020](#).
- [National Audit Office Good Practice Contract Management Framework](#), updated December 2016.
- [Public Services \(Social Value\) Act 2012: A Brief Guide](#), Social Enterprise UK.
- [Social Value Act Review](#), Cabinet Office, February 2015

- [Together for Social Value: a Social Value Framework for Adult Social Care](#), July 2017.

12. Contact details

Vincent Godfrey
Strategic Commissioner
03000 419 045
Vincent.Godfrey@kent.gov.uk