

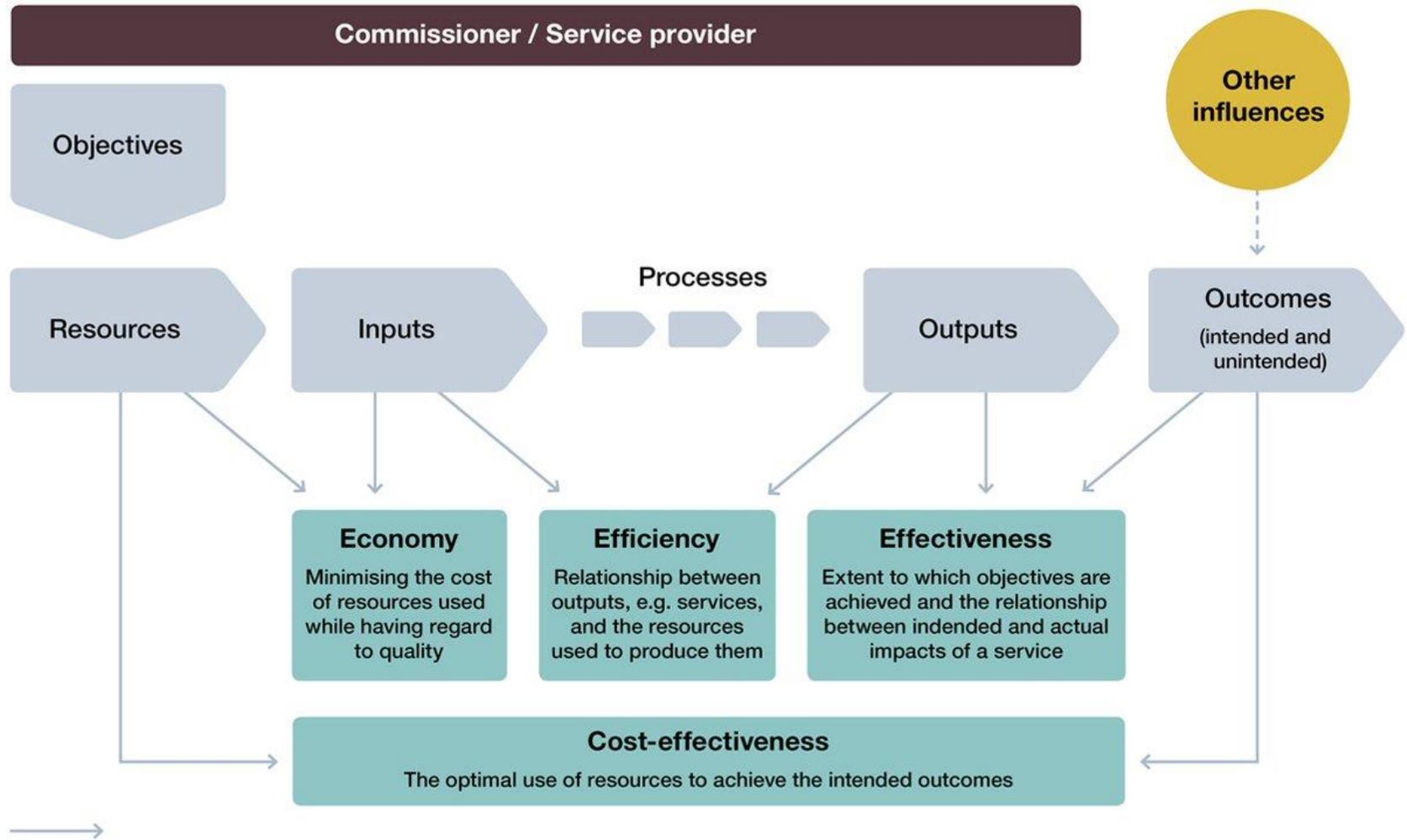


Value for Money and Social Value

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The question

- What is "value for money" in public procurement now that the primary aim is no longer the delivery of savings and efficiencies?
- How do you give a "value" to equality, apprenticeships, living wage, helping army veterans etc.?



Effectiveness

- “The relationship between the intended and actual results of public spending (outcomes)”
- “Spending wisely”

Permitted social value criteria

- Tenders should be “assessed on the basis of criteria, including qualitative, environmental and/or social aspects”
- Criteria must be linked to the subject matter of the contract.
“.....relate to the works, supplies or services to be provided under that contract in any respect..... even where such factors do not form part of their material substance”
- Criteria must not give an unrestricted freedom of choice
- Criteria must ensure the possibility of effective competition
- The information provided by the tenderers must be capable of being effectively verified in order to assess how well the tenders meet the criteria.

Moving away from cost only

- Regulation 67(1) Public Contracts Regulations 2015

“Contracting authorities shall base the award of public contracts on the most economically advantageous tender assessed from the point of view of the contracting authority”
- Regulation 30(1) Public Contracts Regulations 2006

“.... a contracting authority shall award a public contract on the basis of the offer which—

 - (a) is the most economically advantageous from the point of view of the contracting authority; or
 - (b) offers the lowest price.

Moving towards social value

- Public Services (Social Value) Act 2012.

Authorities must consider:- ‘how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and how, in conducting the process of procurement, it might act with a view to securing that improvement’.

- Public sector equality duty under the Equality Act 2010
- Localism Act 2011
- Best value duty

Giving “value” to (evaluating) social value

- Price evaluation
- Quality evaluation
- Minimum requirements
- Contract conditions

Price evaluation

- No market price
 - Double counting / missed benefits
 - Benefits accrue elsewhere
 - Longitudinal impact
 - Unit costs vs marginal costs
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- Price for contract vs value of benefits

Example proxies

Stakeholder	Outcome	Indicator	Possible proxies
Person with mental health problem	Improvement in mental health	<ul style="list-style-type: none"> • Amount of time spent socialising • Extent to which participants engage in new activities • Level of use of mental health services 	<ul style="list-style-type: none"> • Cost of membership of a social club/network • Percentage of income normally spent on leisure, • Cost of counselling sessions
Local community	Improved access to local services	<ul style="list-style-type: none"> • Take-up of those services, and by whom 	<ul style="list-style-type: none"> • Savings in time and travel costs of being able to access services locally
Person with physical health problem	Improved physical health	<ul style="list-style-type: none"> • Number of visits to doctor • Extent of improvements in health (self reported) • How often they exercise 	<ul style="list-style-type: none"> • Cost of visiting private doctor clinic • Cost of health insurance • Cost of gym membership

The SROI network
A guide to Social
Return on
Investment - 2012

<http://inspiringimpact.org/listings/>

<http://www.hact.org.uk/social-value-bank>

Quality evaluation

- Can still be formula based e.g. number of apprenticeships created
- Can also include subjective judgement e.g. assessing the quality of those apprenticeships
- Allows for innovation where there may be no suitable financial proxy
- As always clarity and transparency is key

Minimum requirements

Estimated Contract Value	Estimated Contract Duration			
	0-6 months	6-12 months	12-24 months	24-36 months
£100,000-£250,000*	5	5	10	30
£250,000-£500,000*	5	10	20	40
£500,000-£1,000,000	10	20	30	50
£1,000,000-£3,000,000*	20	30	40	60
£3,000,000-£5,000,000*	30	40	50	70
£5,000,000-£10,000,000*	40	50	60	80
£10,000,000-£20,000,000*	50	60	70	90
£20,000,000-£30,000,000*	60	70	80	100

Minimum requirements

Community Benefit Outcomes	Description	Community Benefits Points
Modern Apprenticeships	Create a new Apprenticeship Position registered with sector skills body	20
Graduate Internship	New graduate intern position created for university graduate	20
Job (Unemployed)	Offer employment to a new entrant who is seeking employment (employment offered for a minimum of 6 months)	20
Trainee Position	Offer structured training places to new entrant leading to industry recognised qualifications.	10
Work Experience Placement (maximum of 10 points)	Provide a structured period of work experience for a pupil, student or	5

Contract conditions

- Regulation 70 Public Contracts Regulations 2015
 - (1) Contracting authorities may lay down special conditions relating to the performance of a contract, provided that they are—
 - (a) linked to the subject-matter of the contract within the meaning of regulation 67(5), and
 - (b) indicated in the call for competition or in the procurement documents.
 - (2) Those conditions may include economic, innovation-related, environmental, social or employment-related considerations.

Contract conditions - use

- The Welsh guidance “non-core approach”
- An authority which knows what it wants – or is trying to plan a sequence of initiatives

Living wage

- “An employer’s fair work practices can have a direct impact on the quality of service it delivers and, sometimes, of the goods it supplies and works performed.”
 - pay policy;
 - clear managerial responsibility to nurture talent;
 - promoting equality of opportunity;
 - support for learning and development;
 - stability of employment and hours of work;
 - flexible progressive workforce engagement

Closing remarks

- Risks to vfm (or a disincentive to bidding)
- Contract management and enforcement
- Monitoring



Questions and comments

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