Introducing Social Value to the Procurement Process

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Here today

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What we will cover

- What is 'social value'?

- Duties under the new legislation

- Sustainable Procurement Duty

- Community Benefits

What is 'social value'?

- Term often used to describe the wider social and economic benefits delivered as part of public sector procurement.

- *"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 and generates benefits not only to the organisation, but also to society, the economy and the environment"*

  Scottish Sustainable Procurement Action Plan, 2009

Sustainable Procurement - Legislation

The Procurement Reform (Scotland) Act 2014

Section 9 introduces a general obligation on Scottish public sector contracting authorities to consider how it can, throughout the procurement process:

"improve the economic, social, and environmental wellbeing of the authority's area, facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process, and promote innovation."

The Public Contracts (Scotland) Regulations 2015

A number of regulations are particularly relevant to sustainable procurement.

What is the Sustainable Procurement Duty?

A duty on the contracting party to consider how best it can influence the social, economic and environmental framework of the authority's area, with a particular focus on reducing inequality.

➢ Economic factors: availability of sustainable and high quality jobs, measures to encourage local small businesses, efficient and effective transport links, lifelong learning, training and skills development etc.

➢ Social factors: promotion of good quality and affordable housing, safe communities, the encouragement of the voluntary sector, access to the arts or leisure opportunities, access to education etc.

➢ Health-related factors: promotion of good physical, social and mental health etc.

➢ Environmental factors: availability of clean air, clean water, clean streets, improving and promoting biodiversity, removal of offensive graffiti from buildings etc.

Process

The Sustainable procurement process contains four key elements:

- Prioritisation

- Sustainability test

- Lifecycle impact mapping

- Scottish flexible framework

Procurement Prioritisation Tool

- Scottish Government guidance designed to bring a standard, structured approach to the assessment of spend categories

Sustainability Test

- Designed to embed relevant and proportionate sustainability requirements in the development of frameworks and contracts - used with Prioritisation Tool

SUSTAINABILITY TEST

1. Complete admin details below (1.ADMIN)
2. Answer two questions relating to the Prioritisation of 'Categories' (2.INITIAL QUESTIONS)
3. Import relevant scores from the Prioritisation Tool, if required (3.IMPORT FROM PRIORITISATION)
4. Identify relevant organisational strategies that relate to the Sustainability Risks and Opportunities (4.ORGANISATIONAL STRATEGIES)
5. Identify relevant Risks and Opportunities, within the 'Assess & Results' tab (5.CONSIDER RELEVANT RISKS & OPPORTUNITIES)
6. Use the Output Summary to inform contract development (6.OUTPUT)

1. ADMIN.

Organisation:	Edinburgh University
Underlying Category/Commodity:	Facilities Management
Framework/Contract Title:	Lanscaping Services for University Campus
Completed by:	Procuring Body
Date completed:	26/09/2016

2. INITIAL QUESTIONS

Has your organisation run the Prioritisation of 'Categories/ Sub-categories/ Commodities'?	Yes		Do you want to import results of the Prioritisation Assessment to help inform this Assessment?	Yes	Now paste the scores below, from the 'Export' tab within the Prioritisation Tool, for reference.

Life Cycle Mapping

- Recommend the Marrakech Approach
- This is the approach already adopted by the University in your procurement strategy

The assessment of these risks and opportunities is broken down in to four key phases:

1. Raw materials
2. Manufacturing and logistics
3. Use
4. Disposal or end-of-life management

Flexible Framework Assessment Tool

- To help procuring organisation assess their current level of performance and the actions which they should take to improve.

	INSTRUCTIONS ON THE USE OF THIS FLEXIBLE FRAMEWORK ASSESSMENT TOOL
1	This assessment tool asks a series of questions on Sustainable Procurement that relate to the criteria statements of all levels of the Flexible Framework (Foundation, Embedded, Practice, Advanced, Expert) included in the Scottish Sustainable Procurement Action Plan, dated 28 October 2009 (See Worksheet "Original FF").
2	Use this tool to assess yourself against all levels of the framework and determine an action plan for achieving each level up to Level 5.
3	Start at Level 1 (Foundation) in the "People" Worksheet.
5	Read the "Question" in column A in conjunction with the "Definition Guidance" text in column B.
6	Use the suggested evidence in column C as a guide on the type of evidence needed to support a "Yes" response. Consider if you can provide this evidence or equivalent evidence that can support a "Yes" response.
7	Select either "Yes", "No" or "Partial / In Progress" under "Question Criteria Met" in column D.
8	If "Yes" is selected for Column D, RAG status turns to Green - "No Actions Required Criteria Met" is entered automatically into column G
9	If "No" is selected for column D, suggested actions required to meet the criteria question are entered automatically into column G. RAG Status turns to Red.
10	If "Partial / In Progress" is selected for column D, suggested actions required to meet the criteria question are also entered automatically into column G. RAG Status turns to Amber.

| Progress | **Instructions** | People | Policy | Process | Suppliers | Results | Original FF |

Local Government

- Edinburgh City Council – Sustainable Procurement Policy published

- Glasgow City Council – Sustainable Procurement Policy and Action Plan agreed

- Fife Council – Fife Council Sustainable Procurement Policy is currently under review

Other "contracting authorities"

- e.g. University of Edinburgh's social responsibility & sustainability reports:

Community Benefits - Legislation

Procurement Reform (Scotland) Act 2014 Section 24

This is a contractual requirement imposed by a contracting authority relating to either:

(i) Training and recruitment, or

(ii) The availability of sub-contracting opportunities or

(iii) Which is otherwise intended to improve the economic, social or environmental wellbeing of the authority's area.

When to use Community Benefits

Requirements must be considered where the estimated value of the contract is equal to or greater than £4m.

Factors to consider when deciding whether to include community benefit requirements include opportunities such as:

- to generate employment and training opportunities for priority group;
- Vocational training;
- To up-skill the existing workforce;
- Equality and diversity initiatives;
- To make sub-contracting opportunities available to SMEs, the third sector and supported businesses;
- Supply chain development activity;
- To build capacity in community organisations;
- Educational support initiatives;
- To work with schools, colleges and universities to offer work experience; and
- To minimise negative environmental impacts.

Social Value

Monitoring and Reporting

- Apprenticeships completed;

- Curriculum support activities;

- Business support activities;

- Support to communities; and

- Resource efficiencies achieved

Community Benefits

- It is important to remember that:

- CBs must be mentioned in OJEU and in all subsequent notices

- Not all contracts are suitable to deliver CBs.

- CBs must have a direct link to the core purpose of the contract.

- Requirements should be robust, relevant and proportionate so that they can be judged on objective and measurable outcomes.

- Onerous CB requirements could reduce number of interested parties.

- A reporting structure should be put in place to monitor performance against agreed targets.

NPD Community Benefits Drafting

"1. Project Co shall comply with the Authority's Community Benefits Requirements set out in [   ] in accordance with Project Co's Community Benefits Method Statements set out in [   ].

2. If, in relation to the Works, Project Co does not:

2.1[insert target] then Project Co shall pay to the Authority the sum of [insert amount] (indexed);

2.2[insert target] then Project Co shall pay to the Authority the sum of [insert amount] (indexed);

2.3 provide the [quarterly/annual] information in accordance with [   ] then on the occurrence of such failure Project Co shall pay to the Authority the sum of [insert amount] (indexed);

provided that in each case the Authority has first served notice on Project Co notifying it of its non-compliance and Project Co has failed to rectify such non-compliance within [twenty] Business Days of such notice.

3.The Authority's sole and exclusive remedy in respect of a breach of Clause [2] above shall be the payments provided for in Clause [2] [and Project Co's maximum liability in this respect shall be [insert amount] (indexed)].

Current methods of delivering social value

SMEs

- Contracting authorities have been keen in the UK to promote opportunities for SMEs when procuring a contract

- How can you include SMEs?
    - ➤ Press releases in relation to public contracts will now often refer to the value of the sub-contract package

    - ➤ Place contractual obligations on winning tenderer to procure sub-contracts or supply chain appointments through open procurement

    - ➤ Sub divide sub-contracts into smaller lots

Your Questions?

Key contacts

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