

Social Value Policy

WMCA Policy Summary

1.0 Purpose

The aim of this policy is to set out how the West Midland Combined Authority (WMCA) will establish a consistent and collaborative approach to social value within the West Midlands with the vision to create, deliver and sustain greater community benefits through the use of social value within the region.

This will primarily be achieved by creating social value through the objectives of the WMCA Procurement Strategy 2017-2020 and sustaining social value outcomes through alignment and delivery of funding and capacity, with Combined Authority priorities focused on service delivery to communities. These priorities would for instance, include those outlined within the Strategic Economic Plan, such as WMCA Public Service Reform (PSR) – Transforming Lives within the West Midlands Programme, which has prioritised key areas of needs within the communities of West Midlands alongside other programmes

2.0 Defining Social Value

The Public Services (Social Value) Act 2012 all public bodies in England and Wales to consider how the services they commission, procure and deliver might improve the economic, social and environmental well-being of the area. It asks public bodies to consider the ways that they could most benefit society as part of each decision made.

Social value requires commissioners to think about how they achieve outcomes in a more integrated way at the pre-procurement stage. Rather than thinking about services in isolation or in the short term, this approach requires commissioners to consider long term costs, sustainability and how inclusion of additional social value outcomes can potentially reduce pressures in other areas and provide capacity and funding for improved community benefits.

3.0 Background and Scope

By establishing a WMCA Social Value Policy, we are providing a means to embed a consistent and collaborative approach to social value that engages commercial organisations into local and regional community outcome based services.

This aligns with the WMCA ambitions and funding for growth programme which outlines three key areas to make the most of the West Midlands Pound:

- Ensuring maximum impact and efficiency of public sector spend across the region – making the best use of Taxpayers' money;
- Generating and capturing as much value as possible from the public sector assets, services and investments.

- Attracting more private investment that can create jobs, deliver growth and provide a return to investors

A WMCA approach to effective procurement enables social value outcomes for communities locally and across the region. This can be identified at the commissioning stage to be expressed to tenderers; secured from the successful bid(s) and delivered through the contract. By establishing a WMCA Social Value Policy we are providing a means to embed a consistent and collaborative approach to social value within the region.

Benefits of a WMCA Social Value Policy include:

- Demonstrating a collaborative approach within the West Midlands
- Benefiting businesses within the West Midlands footprint by creating skills and employment
- Sending a clear message to suppliers that we consider social value as significant in the commissioning of our regional contracts
- Understanding the opportunity that it presents in addressing local needs of citizens.
- Building long term community resilience
- Additional leverage through the scale of regional procurement
- Reducing demand on public sector services by providing more employment opportunities to those furthest from the job market
- Promoting long term investment into our communities by suppliers
- Promotion to citizens as an exemplar of best practice
- Celebrating successes with our suppliers and communities
- More opportunities for Small and Medium-sized Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs)
- Collaborative working with voluntary sector, people who use these services and the wider Community
- Easier engagement of supply market through a consistent approach to the tendering process (including procurement questions, evaluation guidance and methods for ongoing performance management)
- Being able to demonstrate measurable and evidence based social value delivered through the use of social value.
- Improving life chances for all and specifically those from marginalised communities
- Improving health and wellbeing for all particularly those that are vulnerable
- Reduce offending

4.0 Policy in Context

This Policy has been developed with consideration of a number of approved strategic and policy documents, including but not exclusively:

- Constitution of the West Midlands Combined Authority
- Strategic Economic Plan (SEP)

- Environmental Strategy 2014-2019
- Individual Council and Local Authority Social Value Policies

5.0 Objectives

The specific commission and procurement social themes that will achieve these outcomes include:

Growth, Skills and Employment: We will promote growth and development where we operate and ensure that our communities develop new skills and gain meaningful employment. We will also encourage employers in the region to invest into new jobs and skills for everyone.

Promoting Local Businesses: We recognise the importance that local businesses play within the community in terms of job creation and wealth generation. We also recognise that from 2020 our income is directly linked to their success through their ability to pay business rates. We are therefore committed to ensuring local businesses are not only provided with the skills to compete but are also offered the opportunity to work within our supply chain.

Creating Healthier, Stronger Communities: As our budgets are cut and our services restricted, we recognise that we need to build stronger and deeper relationships with the voluntary sector whilst continuing to engage and empower citizens. We will therefore promote the use of the voluntary and social enterprise sector within our supply chain and help build local knowledge and resilience.

Protecting and Improving our Environment: We will work hard with local businesses and communities to ensure the places where people live are cleaner and greener and we will continue to promote sustainable procurement that protects the long-term future of our planet for our children.

Social Innovation: We recognise that we do not have all of the answers and we should not prescribe new approaches to solving old problems. We will promote innovation amongst our suppliers and look to show case best practice where it works

Planning and Development: Through the implementation of this policy, it is the intention that WMCA will support and enable Constituent and Non-Constituent Authorities where they require assistance in the consideration of social value within the early stages of project planning and development.

6.0 Policy Implementation and Expected Results

The social value Policy has been created through some key stakeholders that include: WMCA Mayoral office; the West Midlands Social Value Taskforce Group); WMCA Public Service Reform officers and West Midlands Fire Service.

In parallel with the launch of the policy, it is envisaged that the Social Value Taskforce Group will work to implement the following:



1. Further discussion around how to most effectively match service delivery to Combined Authority priorities spread across local and the wider WM footprint in an inclusive and equitable way that delivers sustainable outcomes.
2. Following on from engagement with key suppliers and Local Authorities, we recognise there is a clear need for consistently measuring, recording and celebrating regional success against social value targets delivered through contracts. Bearing this feedback in mind, it is also proposed that a regional portal or dashboard is created in order to bring the community together and to coordinate social value requirements and achievements
3. Monitoring and reporting systems to inform and engage all Combined Authority members
4. Case studies and publicity to promote the work and impact of the social value policy in partnership with commercial providers.
5. To share best practice and continuous learning.

The WMCA Social Value Policy is not designed to replace or overtake any existing policies already set up within individual Local Authorities. This policy will be used by the WMCA Procurement Team and should also be used for any procurement activity being undertaken on behalf of the WMCA.

Statutory requirements of the Social Value Act 2012 only apply to Public Service Contracts above EU thresholds, however in order to incorporate the good practice associated with social value into mainstream commissioning and procurement practice, it is the intention that the WMCA will embed this policy within all commissioning and procurement activity wherever proportionate and practicable. The below table sets out further detail around processes and expected results by value:

Value	Process	Potential Outcomes and Results (£)
Under £50,000	A light touch social value toolkit will be included within the WMCA Procurement Manual and staff members are encouraged to consider social value in the process of obtaining quotations.	Innovation around one or two issues such as community volunteering or linking up with a local school. This will help small local businesses understand the issues and reward those that are already involved in their communities. Expectations will not be specific to a project but take into account what the organisation does as a whole. A suggested 5% weighting to be used on project assessment



<p>£50,000 – EU Thresholds*</p>	<p>Procurement Lead Officers will guide specifications and tender documents to ensure that Themes, Outcomes and Measures (TOMs) are included within the procurement process. It is an expectation that Social Value will apply to procurement requirements that fall within this threshold and any exceptions to this rule must be authorised by the Procurement Manager.</p>	<p>Businesses will be expected to respond to the range of opportunities contained within the TOM Matrix. They will be assessed on their project specific proposals and we should expect a +5% to +10% SVA.</p> <p>E.G. £100,000 contract will deliver at least £10,000 of additional social value</p> <p>A 5 -10% weighting likely to be used on project assessment.</p>
<p>EU Thresholds and above*</p>	<p>Procurement Lead Officers will guide specifications and tender documents to ensure that considerations are made at commissioning stage and that TOMs are included within the tender process, ensuring that the evaluation scores and weightings are clearly set out, and that an action plan is implemented during the contract period. Social Value must be included within tenders that fall within this threshold.</p>	<p>Businesses will be expected to respond fully to the TOMs matrix and commit to project specific deliverables that will be included within ongoing KPIs. We should expect a +20% to + 40% SVA dependent upon sector.</p> <p>E.G. A £1m contract will deliver an additional £200k-400k SVA.</p> <p>Weightings recommended to be set at 15-20%.</p> <p>Weightings above 20% used where threshold contract price is set, or there is a specific opportunity around Social Value to solve a specific need.</p> <p>Procurement Officers will provide guidance on what is expected although this will NOT be prescribed.</p>

* For current EU thresholds please refer to <https://www.ojeu.eu/thresholds.aspx>

In regard to the application of weighting within the tendering process, it is understood that the procurement of services can be wide ranging and therefore WMCA do not intend to specify a fixed weighting to the evaluation of Social Value and it is proposed that individual weightings are applied on a case by case basis at the discretion of the Procurement Lead Officer, with weightings allocated between the

ranges of 5% - 30%. Where elements of Social Value are essential to the delivery of the project then a PASS/FAIL weighting could be applied to demonstrate key deliverables within the project specification.

The below table sets out some examples of how Social Value could be used in practice. Please note that the list is not exhaustive but does provide an overview of what could be achieved through the implementation of this policy over an annual period spend of £150m and +20% SVA:

Theme	Outcomes: What are we trying to achieve	Results: What this could mean for suppliers and what could be delivered to the community	Social Value Results
Jobs: Promote growth, Skills and employment	More opportunities for disadvantaged people	No. of employees (FTE) taken on who are not in employment, education, or training (NEETs) No. of jobs (FTE) created for people with disabilities	330 apprenticeships and training opportunities (new and sustained) 250 new job opportunities for those furthest from employment market including long-term unemployed, young offenders and young people in care.
Growth: Supporting the growth of local businesses	More opportunities for SMEs, VCSEs (Voluntary, Community and Social Enterprises) and Local companies	Number of voluntary hours donated to support VCSEs (excludes expert business advice) Total amount (£) spent in LOCAL supply chain through the contract.	3,500hrs in time donated to support local SMEs £50m spent with SMEs and local supply chain
Society: Creating healthier, stronger communities	More working with the Community	No hours volunteering time provided to support local community projects Donations or in-kind contributions to local community projects (£ & materials)	85,000 voluntary hours provided to support local projects £150,000 donated to local causes
Environment: Protecting and improving our environment	Air pollution is reduced	Car miles saved on the project (e.g. cycle to work programmes, public transport or car-pooling programmes, etc.) Tonnes of carbon dioxide emissions avoided	1m car miles saved in emissions reductions 5,000 tCO ₂ e

Please see appendix A for estimated Social Value Targets that will be achieved by the WMCA Procurement Team over the next 3 years.

7.0 Review

WMCA will periodically review its Social Value Policy in consultation with key stakeholders. In doing so it will take into account any changes in legislation pertaining to the Social Value Act 2012, Public Contracts Regulations, the West Midland Combined Authority Constitution and any changes requested and agreed via the Public Service Reform Board and WMCA Social Value Taskforce Group.

Appendix A – Estimated Annual Targets for WMCA Procurement Team

The below estimated targets are based on projected annual spend for WMCA. Targets may be subject to review as the implementation of the policy progresses and the policy matures within the procurement process.

Based on estimated annual spend and an assumption that +20% Social Value Add (SVA) will apply to the value of the contract, the total ADDITIONAL social value that WMCA Procurement Team should be able to unlock will be between £20m-40m per annum by Year 3. Year on Year, this could equate to the following opportunities:

Opportunities	Year 1 01/04/17 – 31/03/18	Year 2 01/04/18 – 31/03/19	Year 3 01/04/19 – 31/03/2020	Total over 3 Years
New and Sustained Apprenticeships as a result of the contract(s)	45	95	190	330
New opportunities for Not in Education, Employment or Training (NEETS)	30	60	120	210
New and sustained training opportunities as a result of the contract(s)	35	70	140	245
Jobs for long term unemployed	25	55	110	190
Voluntary Hours donated to community	21000	42000	84,000	147000
Expert hours provided for SMEs	900	1800	3,600	6300
Young offenders supported back to work	5	10	20	35
Tonnes of Carbon Dioxide saved	1250	2500	5,000	8750
Workforce placements weeks	525	1050	2100	3675
Social Value Add Figure	£5m-£10m	£10m-£20m	£20m-£40m	£35m-£70m



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