

Main Contractor Social Value, Cultural Heart

The purpose of this paper is to set out the social value strategy for the PQQ/tender process.

Introduction

There is increasing scrutiny on social value questions in tenders and PQQs. Since the Public Services (Social Value) Act 2012 came into force, the public sector has had to 'consider' social value as part of any procurement. But recent reviews of the Act have led to a stronger requirement for public bodies to take positive action and become more accountable. As a result, the expectations for bidders to demonstrate clear and measurable impact in tenders has intensified.

Social Value is the term used to describe the additional benefit created in the delivery of a service contract which has a wider community or public benefit. It extends beyond the value delivered as part of the primary contract activity and goes wider to improvements to the 'economic, social and environmental' well-being of the local area.

In procurement terms, it is a move away from awarding contracts based on lowest cost. Evaluation criteria in the past may have been weighed on a price and quality basis only. It is now good practice to have appropriate weightings for social value alone, so it is a fundamental component of any successful bid.

The Council's draft Social Value Policy states the council will;

- Set out clear expectations to all suppliers in relation to their compliance with all relevant legislation and good business practice in relation to modern slavery, equalities and diversity, health and safety and fair working practices – meeting these requirements is a fundamental pre-requisite for suppliers and they will not be considered as part of any social value assessment.
- For all contracts with a value over £100,000 a minimum social value weighting of 10% where appropriate will be applied to the tender evaluation process; the standard weighting will be considered on a case-by-case basis and increased where appropriate, e.g. where the social value benefits are disproportionate to the contract value.
- Where possible, dividing larger contracts into smaller lots to optimise the opportunities for local suppliers to bid; and,
- Ensure social value commitments are built into all procurement contracts and are legally binding, with appropriate monitoring for the purposes of compliance.

The Council's draft Procurement Strategy states our ambition is to secure the best economic, social and environmental benefits for our people and places through our approach to social value in our commissioning and procurement activities.

The strategy states we will;

- Apply a minimum social value weighting of 10% in evaluation criteria in contracts above £100k where appropriate
- Promote early consideration of social value in commissioning and inclusion of social value into specifications
- Adopt different approaches and tools for different markets and contracts
- Develop ambitious social value visions for our major schemes

- Use procurement to maximise contributions to achieving our aim to reach net zero by 2038 and promote sustainable practices
- Stimulate pre-market activity and encouraging local participation in procurement activity
- Monitor social value commitments secured and realised

Activities to date;

- A number of discussions and a workshop about social value priorities has taken place
- Whilst productive conversations have taken place it has been difficult to draw meaningful conclusions about the Council's social value aspirations and ambition for the cultural contractor works. The question about what an ambitious social value aspiration looks like still remains
- **Pre-market engagement** explored social value generation further;
 - Can you confirm the key areas of social value and levels you would expect on a contract of this nature?
 - Do you allocate a certain budget or % of contract value against social value commitments?
 - If the council uses the national TOMs and social value portal to capture and evaluate social value opportunities are you comfortable bidding?
 - Do you perceive any challenges, barriers, or missed opportunities with this approach, If so, tell us more about this?
- Following the pre market session contractors were offered the opportunity to discuss social value further. 3 contractors met separately to discuss social value approaches generally; Robert McAlpine, Willmott Dixon & Morgan Sindall
 - Outcome-Contractors happy to use national TOMs and/or other indicators to report and measure but observe some limitations when these tools are applied in isolation as part of the procurement process
 - A lot of contractors have their own tools for recording SV.
 - They see SV as a collaborative opportunity to ensure the maximum benefits can be achieved. Their best outcomes tend to come through collaboration not a competitive process.
- **Follow up market engagement (July 2022) explored;**
 - High Council ambition for maximising Social Value for the projects through minimum commitment and 10% of evaluation weighting
 - The Cultural Heart Fund
 - Delivery Methodology
- Survey question; Considering the overall contract value, what would be a reasonable monetary contribution toward Social Value for Zone 1?
- 5 responses all varied;
 1. contractor uncomfortable placing only a monetary value against SV
 2. estimated £65k SV fund contribution
 3. contractor offered no comment
 4. contractor didn't specifically respond to this point indicating broader SV commitments 5-10%
 5. contractor commented they would require further information about the wider SV strategy.
- Outcome; based on feedback it may be prudent to set a minimum commitment level

Options discussed for social value

- Specify a minimum social value commitment in the specification, e.g. 15 % Social Value Return on Investment allowing the supplier market flexibility to maximise contributions and to work in partnership with the Council to deliver
- Use of the National Themes, Outcomes and Measures (TOMs) or other suitable metric for evidencing and reporting
- Creation of a social value fund for local beneficiaries

Cultural Heart Social Value Proposal

The cultural Heart wants to have social value that is specific, targeted and measurable. To do this the following is proposed:

Part 1 Social value baseline (minimum commitment) and targets to be part of the contract, this will include:

Cultural Heart Social value approach and impact	
Minimum commitment	Develop a collaborative cultural heart social value strategy during the Pre Construction Service Agreement stage that supports delivery of the councils plan and priorities, reflects the councils values and builds and improves on the minimum social value commitments
	Achieve a minimum 15% social return on investment
	Monitor and report on social value delivery and impacts using the National Themes Outcomes and Measures (through Social Value Portal), additional tools can be used for reporting purposes with agreement by the Council
	Work with the council to adopt any social value commitment/results from the use of CITB tool on this project; Delivering social value and community benefits - CITB
Target	Create a social value model that provides continuity beyond the scheme
Maximise employment and skills opportunities	
Minimum commitment	Pay the Real Living Wage within the main contractor and supply chain
	Apprenticeships; commit to 1 apprentice per £3m of project spend (<i>, of which at least 25% should be Level 3-should this element be a target?</i>)
	Pre-Apprenticeships; Commit to creating pre apprenticeship opportunities, minimum 4 traineeships over the duration of the contract
	Work placement; commit to 1 substantive (minimum 1 week, ideally longer) work placement per £3m construction spend
	Partnership, commit to; <ul style="list-style-type: none"> • working with Kirklees College and other local providers as appropriate to deliver the programme • working with the Council/Works Better to support recruitment of unemployed young people and adults into entry level to include support for care leavers, people with disabilities and other priority groups with appropriate training
	Proactively target and support recruitment of people with disabilities
Target	Maximise every opportunity to employ and upskill local people
	Create employment opportunities particularly for those who face barriers to employment and/or who are located in deprived areas

	80% or higher of employment within a 35 mile radius of the site
Minimise environmental impact	
Minimum commitment	Net zero site operations in delivery of the contract. These SV commitment will be specific and specified targets within the tender for the contractors to meet.
	Work with the council to deliver an educational programme for Kirklees schools focussed on sustainability and carbon reduction in relation to cultural heart (and supports broader positive behavioural change)
Target	
Maximise opportunities within the supply chain	
Minimum commitment	Work with the Council to ensure local businesses are procurement-ready
	Make sub-contracting opportunities accessible to a diverse supply base including the third sector and local suppliers
	Maximise opportunities to support local manufacturers and suppliers
	Maximise opportunities to support local SMEs
Target	Commit to achieving at least 40% of supply chain/sub-contract expenditure within a 35 mile radius of the site
Inclusion	
Minimum commitment	Work with the Council to develop a schools engagement programme which targets schools in the most deprived 10% of local super output areas and with a focus on priority themes including women/BAME residents into construction, employability skills, green construction skills and culture/creative industries careers opportunities etc
Target	Create more opportunities for disadvantaged people

Cultural Heart fund

The Cultural Heart Fund will be part of the main contractors and operators' contract with Kirklees Council. The intention is to create a grant fund to support Kirklees people, places and partnerships (but not limited to)

- Kirklees VCSE organisations
- Cultural and heritage initiatives
- Supporting health and wellbeing
- Supporting inclusion and diversity

Part 2 Evaluation of Social Value – The Cultural Heart Fund

Social value that will be evaluated as part of the procurement process will receive 10% weighting, this will be based on a relative price-scoring methodology with the highest contributor receiving full marks.

The council will stipulate that all contractors must commit to meeting the minimum social value requirements set out in the tender documentation and be prepared to work with the council during the Pre-Construction Services Agreement (PCSA) to further develop and improve the social value

offering. An expected output of the PCSA phase will be to develop a social value strategy for the cultural heart programme of works.

Suggested social value question and scoring

The council has stated minimum requirements and targets in relation to social value generation on this contract, as well as a minimum requirement for the Social Value Fund. Bidding companies are required to detail how they will deliver the social value targets that they have outlined in the Social Value statement. The response must include:

- How each social value target will be delivered; and
- Evidences that the social value targets will be introduced as a specific result of being awarded the contract

Cultural Heart Fund

Bidding companies will be required to indicate their level of commitment to the cultural heart fund. Please note that 0.25% is the minimum commitment required.

Payment will be over 4 milestones:

- 1 – 20% at 8 weeks from commencement of the contract
- 2 – 25% at 40 weeks from commencement of the contract
- 3 – 25% at 80 weeks from commencement of the contract
- 4 – 30% at PC

Minimum monetary contribution to the fund (based on the value of the contract awarded)	Please indicate minimum commitment level
0.25%	
0.30%	
0.35%	
Above 0.35%	Please state amount as a percentage