

Appendix A

Draft Social Value Policy and Framework

1. Purpose

This policy sets out the legal context for social value and the approach Lancashire County Council will adopt to deliver social value through commissioning and procurement activities.

The framework sets out the expected outcomes for each objective and provides examples of how suppliers could contribute towards these outcomes.

2. Background and Scope

The Public Services (Social Value) Act 2012 came into force on 31st January 2013¹. It is now a legal obligation for local authorities and other public bodies to consider the social good that could come from the procurement of services before they embark upon it.

The aim of the Act is not to alter the commissioning and procurement processes, but to ensure that as part of these processes, councils give consideration to the wider impact of the service's delivery. It allows local authorities to, for example, choose a supplier under a tendering process who not only provides the most economically advantageous service, but one which secures wider benefits for the community.

The County Council has been implementing the Act on an ad hoc basis. However, this policy provides an opportunity to deliver a cohesive yet flexible approach to generating social value through public procurement.

The statutory requirements of the Public Services (Social Value) Act 2012 only apply to public service contracts above EU threshold. This policy statement sets out LCC's aims in this regard. In particular it seeks to:

- Set out a definition of social value
- Set out the priority policy objectives
- Set out a Social Value Framework

3. Defining Social Value

Social Value is the additional economic, social and environmental benefits that can be created when the County Council purchases a service from an outside organisation, above and beyond the value of the goods or services.

¹ The Cabinet Office announced a review of the Public Services (Social Value) Act 2012 in September 2014.

4. Social Value Objectives

The following objectives are proposed and reflect the definition of social value (set out in Section 3):

- **Promote training and employment opportunities for the people of Lancashire** – tackle unemployment and facilitate the development of skills
- **Raise the living standards of local residents** – working towards living wage, maximise employee access to entitlements such as childcare and encourage suppliers to source labour from within Lancashire
- **Build the capacity and sustainability of the voluntary and community sector**– practical support for local voluntary and community groups
- **Promote equity and fairness** – target effort towards those in the greatest need or facing the greatest disadvantage and tackle deprivation across the council
- **Promote environmental sustainability** – reduce wastage, limit energy consumption and procure materials from sustainable sources

5. How will Social Value be achieved in Lancashire County Council?

The incorporation of Social Value into its contracts will significantly help to deliver its strategic priorities and deliver added value for the County Council. Delivery of additional social value is therefore considered an objective for all council contracts above the appropriate OJEU threshold. Either 5% or 10% of the award criteria for contracts, which are awarded pursuant to a competitive process must be on social value, and assessed as set out below, unless otherwise agreed by the Procurement Board.

In order to determine whether 5% or 10% of the award criteria should be applied, the following need to be considered:

- additional impact of social value
- how many of the objectives set out in part 6 are met
- the area impacted (this recognises that ideally the impact should be county wide but also that Social Value delivered anywhere within Lancashire will have some beneficial impact on Lancashire).

	Additional impact of social value added	Objectives Met	Area impacted?
10%	Significant	Multiple	Potential for significant positive impact on communities with highest needs
5%	Some	At least two	Potential for some positive impact on communities with less significant needs

The needs of communities within Lancashire's 34 Service Planning Areas should be considered when determining whether to apply the 5% or 10% threshold.

Where the additional impact of social value added has the potential to provide significant additional impact, on multiple objectives and in communities with the highest needs (those where relevant indicators in area profiles are in the worst fifth or second worst fifth), the criteria for 10% will be met.

Where the additional impact of social value added has the potential to provide some additional impact of social value, on at least two objectives and in communities with less significant needs (those where relevant indicators in area profiles are in the middle fifth to best fifth), the criteria for 5% will be met.

The following table can be used to assist in identifying which indicators are most relevant to the social value outcomes we want to see.

Social Value Objective	Relevant Service Planning Area needs assessment indicators	Comment
Promote training and employment opportunities for the people of Lancashire	Educational attainment key stage 2 Educational attainment key stage 4 Percentage with no qualifications Working age benefits clients Young people not in employment, education or training	
Raise the living standard of local residents	Children living in poverty Median annual income	Use these indicators and the area needs assessments to determine whether there is the potential for significant positive impact on communities with highest needs
Build capacity and sustainability of the Voluntary and Community Sector	Activities limited a lot People providing 50+ hours unpaid care per week Proportion of pensioners living alone Geographic barriers to housing and services Wider barriers to housing and services Neighbourhood needs index (level of community safety need) Self reported wellbeing	Communities with the highest needs will have indicators which are in the worst fifth, or second worst fifth, of the Service Planning Areas for Lancashire.
Promote Equity and Fairness	Life expectancy at birth (males) Life expectancy at birth (females) Disability-free life expectancy males Disability-free life expectancy females	
Promote Environmental Sustainability	Households with no central heating Households in fuel poverty	

This approach means that if a service is to be delivered county-wide and there is significant additional impact of the social value added, it is very likely to meet the criteria for 10% of the award value. However, where services are targeted at smaller geographic areas, the criteria for 10% of award value may still be met provided there is the potential to deliver significant additional social value in areas where there are opportunities to meet significant needs through targeted interventions.

6. Social Value Framework

Objective	Outcomes: What are we trying to achieve?	What could this mean for suppliers? What could they deliver (Examples Only – this is NOT an exhaustive list)
<p>1.Promote training and employment opportunities for the people of Lancashire</p>	<p>Outcome 1: More local people in work.</p> <p>Link to Draft Corporate Strategy priorities :</p> <p>Support the Further Education sector to improve the employability of Lancashire's workforce;</p> <p>Develop an effective economic growth programme with an increased emphasis on our most deprived communities;</p> <p>Work with schools and families to narrow the gap in educational attainment from Key Stage 2 to Key Stage 4</p> <p>Deliver the Strategic Economic Plan for Lancashire.</p>	<ul style="list-style-type: none"> • Recruitment of local community • Recruitment of apprentices • Work experience for local community • Create x number of (new) jobs in the local economy • Create x number of traineeships (including apprenticeships) for local residents • Provide x number of days of meaningful work experience for local residents • Support x number of people back to work by providing career mentoring for job clubs, including mock interviews, CV advice, and careers guidance • Supporting young people into work by delivering employability support (e.g. CV advice, mock interviews, careers guidance) to x number of school and college students • Employ x number of ex-offenders (or other groups of people who typically face additional challenges in competing in the labour market).
	<p>Outcome 2: Thriving local businesses.</p> <p>Link to Draft Corporate Strategy priorities:</p> <p>Invest in Lancashire's town and city centres.</p>	<ul style="list-style-type: none"> • Commitment to support businesses in Lancashire, Support x number of new business start-ups by running practical workshops with enterprise clubs • Support the local economy by spending x% of total expenditure in the local supply • Support the local supply chain by spending x% of total expenditure within Lancashire

Objective	Outcomes: What are we trying to achieve?	What could this mean for suppliers? What could they deliver (Examples Only – this is NOT an exhaustive list)
	<p>Outcome 3: Responsible businesses that do their bit for the local community.</p> <p>Link to Draft Corporate Strategy priorities:</p> <p>Work in partnership with all other agencies to make local communities strong, self-reliant and cohesive.</p>	<ul style="list-style-type: none"> • Attract £x worth of inward investment into the county area • Secure positive profile for the County Council through x number of positive stories in the national media • Support the Fairtrade status by ensuring that x% of food products in the supply-chain are Fairtrade • Secure £x-worth of investment in, or in-kind contributions to, fuel poverty initiatives in Lancashire area
<p>2.Raise the living standard of local residents</p>	<p>Outcome 4: A Local workforce which is fairly paid and positively supported by employers.</p> <p>Link to Draft Corporate Strategy priorities:</p> <p>Promote the living wage;</p> <p>Support Lancashire Enterprise Partnership to improve the economy and reduce deprivation.</p>	<ul style="list-style-type: none"> • Work towards paying staff the Living Wage • Increase rates of pay for lowest-paid staff by x% • Improve the skills levels of existing staff by training x% of the workforce to NVQ Level 2/3/4 (for example) • Reduce average sickness absence by x% through an improved health, wellbeing and support package for staff • Identify all staff who are carers and ensure flexible working practices are implemented to support these responsibilities within x weeks of contract start date
<p>3.Build capacity and sustainability of the Voluntary and Community Sector</p>	<p>Outcome 5: An effective and resilient third sector</p> <p>Link to Draft Corporate Strategy priorities:</p> <p>Support communities in Lancashire to become self-resilient.</p>	<ul style="list-style-type: none"> • Contribute x number of hours of business planning support / financial advice / legal advice / HR advice to community and voluntary organisations through an Employer-Supported Volunteering scheme • Provide facilities for use by community and voluntary organisations for x number of hours per year • Work with community and voluntary organisations to create x number of new volunteering opportunities in Lancashire • Support local third sector organisations through the supply chain by spending x% of total expenditure with community and voluntary sector providers based in Lancashire

Objective	Outcomes: What are we trying to achieve?	What could this mean for suppliers? What could they deliver (Examples Only – this is NOT an exhaustive list)
<p>4.Promote Equity and Fairness</p>	<p>Outcome 6: A reduction in poverty, health and education inequalities.</p> <p>Link to Draft Corporate Strategy priorities:</p> <p>Help people to improve their physical and mental health through early assessment and treatment that enables them to live independently;</p> <p>Support families and carers in their choice of health and social care to help them maintain their independence;</p> <p>Protect our most vulnerable children and adults from avoidable harm.</p>	<ul style="list-style-type: none"> • Supporting young people into work by delivering employability support (e.g. CV advice, mock interviews, careers guidance) to x number of school and college students • Support prevention by running education and publicity campaigns with specific targets (e.g. support x number of staff / residents / service users to stop smoking / increase their physical activity / access money advice)

Objective	Outcomes: What are we trying to achieve?	What could this mean for suppliers? What could they deliver (Examples Only – this is NOT an exhaustive list)
<p>5.Promote Environmental Sustainability</p>	<p>Outcome 7: We are protecting our physical environment and contributing to climate change reduction.</p> <p>Link to Draft Corporate Strategy priorities:</p> <p>Invest in green infrastructure to make it easier and safer to cycle and walk to work, school and local services;</p> <p>Promote and protect Lancashire's natural environment;</p> <p>Support green energy solutions in Lancashire and reduce the County Council's own energy use;</p> <p>Maximise the diversion of waste from landfill.</p>	<ul style="list-style-type: none"> • Reduce the amount of waste generated by x% per year • Reduce carbon emissions by x% per year • Reduce overall energy consumption / water consumption by x% per year • Increase the use of renewable energy / community generated renewable energy as a proportion of total energy consumption by x% over the lifetime of the contract (without increasing overall energy consumption) • Include and improve green spaces within developments. • Support x number of households to better manage their energy demands through improvements in the fabric of their homes, bringing them out of fuel poverty and contributing to climate change goals