

## Essex County Council's Social Value Journey

**In 2019, Essex County Council (ECC) embarked upon a new approach to social value – to maximise the additional economic, social and environment wellbeing benefits we achieve for residents when we spend public money. It was the beginning of an ambitious journey, seeking to bring best practice into the authority's ways of working... and then go further! Find here how ECC got started.**

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### The opportunity

In early 2019, the Procurement Management Group undertook a benchmarking exercise as part of its assessment for the Local Government Association's National Procurement Strategy. They found that Essex County Council (ECC) was compliant with the legislation but could achieve more.

ECC has a good track record with 62% of addressable spend being spent locally and 38% with SMEs and while its practices met the requirements of the Public Services Act 2012, (such as considering social value above OJEU threshold, qualitative evaluation and open social value questions), ECC realised there was greater potential.

ECC engages over 9,000 suppliers and spends an average of £1.2 billion per annum so the potential of additional social value could generate a significant economic, environmental, and social wellbeing benefits for our communities.

### The action

By March 2019, the Procurement team had researched approaches taken by other exemplar local authorities and searched nationally for best practices. Some opportunities were identified such as the development of a social value policy and toolkit which would define and communicate ECC priorities. But most importantly, ECC could do more to communicate to vendors the importance it placed on social value, to motivate change. It also became clear there was not one size fits all solution of embedding social value into procurement. It was important to consider organisational culture, capacity, and context.

The Procurement team joined a social value working group with representatives from Procurement, Public Health, Place, Strengthening Communities, Adult Commissioning, Children's' Commissioning, Adult Community Learning, and Skills Development. It explored the importance of social impact measurement and considered options to express the social value achieved in terms of its economic impact to Essex.

Following a review of the variety of approaches and market of tools available, the team opted to use the National TOMs (National Themes, Outcomes and Measures), a framework which has been developed by the Local Government Association's National Social Value Taskforce (NSVTF). The aim was to provide a consistent approach to evaluating and measuring social value in a way that was transparent and clear to suppliers.

ECC also chose to adapt the National TOMs to the local context, to create a shorter set of Themes Outcomes and Measures that expressed and contributed to the organisation's strategic priorities. They engaged a provider 'Social Value Portal' (SVP) to conduct this. The Essex TOMs are a set of five Themes, 14 Outcomes and 43 Measures, and these all have a financial value assigned to them.

### Pilot trials

With the spirit of testing a range of approaches to find out the more suitable ones, ECC started a procurement trial in June 2019.

## 1. Essex TOMs

The first stage was a twelve-month pilot project across sourcing opportunities aiming to test: both a quantitative and a qualitative approach, social value weighting ranging from 5% to 20% and prioritising certain measures. Firstly, three sourcing projects were selected due to their timeline and range of subjects and values, allowing ECC to test various contexts.

Secondly, ECC presented to bidders the Essex TOMs, demonstrating a wide range of social value practices. Potential suppliers were able to select from this list what to propose in their offers and further deliver through the contract. ECC wanted to be clear about ECC's social value priorities and avoid potential dilution of impact. It also did not want to restrict the bidder's options and therefore inadvertently add cost. The proposed solution was to apply a multiplier to the ECC priorities that it wanted bidders to focus on through the Essex TOMs. The proposed priorities were based on consultations with the leadership teams at ECC.

The pilot was run with the support of the SVP who provided help with implementing the framework in procurement documentation, and importantly joining ECC efforts on supplier engagement and education on social value and ECC priorities: Employment, Skills, and the Environment.

## 2. Construction Framework

The second stage of the pilot was a qualitative approach applied in the tendering of an estimated £400 million framework. A social value evaluation criterion was established, and suppliers were invited to provide social value against two example projects. Bidders were required to detail appropriate, innovative, and clear benefits. There was no separate weighting for social value. The qualitative assessment was based on the ECC standard scored system.

## Pilot Results

The results from the Pilot first stage were positive. Against £5.6 million worth of spend there was an additional £3.2 million worth of social value committed, representing 57% of additional value pledged. Also, despite the small sample size, there was no price increase compared to the previous tender where social value was not a consideration. The main social value outcomes were:

- 4 employment opportunities for people with disabilities
- 3 employment opportunities for care leavers
- 22,000 car miles saved per annum
- 2 employment opportunities for rehabilitating young offenders
- 4 jobs for local people
- 24,000 hours of employability support for young people
- 6,000 hours dedicated to improving staff wellbeing
- £51k invested into health initiatives.

It showed that most of suppliers understood the process and offered real commitments that could be managed through the contracts. However, there was lack of creativity and content, or uncertainty about where to start and only 14% of social value offered related to ECC priority areas. Given that there was no separate weighting for social value used in the qualitative pilot, it did not allow those offering social value to achieve a higher score and impact on the results.

A decision was made to:

- Embed the tailored version of the National TOMs – the Essex TOMs - into ECC's sourcing process
- Adopt the Priority Measures with the addition of relevant measures to support entry level employment and COVID recovery measures
- Alter the procurement policy to include a flexible SV weighting up to no more than 20% of the quality score
- Set up a SV team to take forward identified opportunities.