

London Borough of Lewisham Social Value Policy for Procurement 2022-2026

1. Aims and Objectives

This policy sets out the legal, strategic and policy context for social value and the approach the London Borough of Lewisham (LBL) will adopt to deliver social value through commissioning and procurement activities.

There are four main themes with corresponding key performance indicators (KPIs) which set out the expected outcomes for each objective and provides examples of how suppliers may contribute towards these outcomes. The implementation of this KPI framework will encourage supplier development, increase access to employment and training opportunities, improve conditions for businesses to grow and residents to thrive whilst contributing to the Council's carbon net-zero ambitions and environmental sustainability.

2. Background and Scope

This policy fulfils the legal obligation on all public bodies to consider Social Value under the Public Services (Social Value) Act 2012¹, which requires:

- a) That authorities must consider how procurement might improve the economic, social and environmental well-being of the local area; and
- b) how it might act with a view to securing that improvement.

In application, it allows local authorities to select a supplier under a transparent and compliant process which provides the most economically advantageous tender (MEAT), and secures value for money for the public purse, whilst providing wider benefits for the community and which furthers the Council's strategic aims and objectives.

In 2019 LBL's first Social Value Policy was published, which incorporated the requirements of the Act in its procurement processes.

This policy provides an opportunity to align our social value aims and efforts with our corporate objectives and to support the ongoing Covid-19 recovery by delivering a consistent, cohesive and flexible approach to generating increased social value through public procurement. This policy statement sets out LBLs aims in this regard. In particular it seeks to:

- Set out a definition of social value
- Set out the priority themes (KPIs)
- Identify the key drivers to success

¹ The Public Services (Social Value) Act 2012 came into force on 31 January 2013 and applies to public services contracts and framework agreements relating to services to which the Public Contracts Regulations 2015 ("the Regulations") apply.

- Set out a method to capture and monitor social value

3. Defining Social Value

Social Value is the additional economic, social and environmental benefits that can be created when the Council purchases goods, works or services from outside the organisation. It is also a key pillar of community wealth building.

Social value is the additional benefit created in the delivery of a goods, works or service contract which has a wider community or public benefit and exists to provide additional opportunities across the borough for all. Social value is what we do every day in Lewisham as a borough. It is how we support our businesses, work to provide opportunities for our residents, how we improve our environment and how we shape a future that enables all residents to maximise their life chances.

Social value in our procurement should be considered in the broader context of limited resources as local authorities learn to do more with reduced budgets. Social value must be over and above any direct benefits that arise from the goods, works and services being procured Social Value is about ensuring when spending on the delivery of goods, works and services, that same spend is used to produce a wider benefit to the community. As we continue to progress in the development of social value in Lewisham, we seek to create a culture of social value in our procurement and to encourage suppliers to have a place in our community and share our values and ambition as part of their business.

4. Social Value Themes and Key Performance Indicators (KPIs)

The Council is one of the largest procurers locally and also plays the biggest role in the direct engagement with our communities. For the most part, the responsibility of delivering community wealth building sits firmly with the Council and Social value from procurement will drive suppliers to make positive changes through their alignment with the Council's strategic aims, to drive additional benefits for residents. These aims will be achieved through the delivery of clear and specific objectives and KPIs as outlined below. They have been grouped under four themes, to be used in the procurement process as part of the tender evaluation process and then to be measured and tracked through the lifetime of the contract. Council officers will be encouraged to suggest the outcomes which may be expected from a given procurement, and will be responsible for ensuring their rigorous implementation and that they are robustly monitored. Contract managers will also supply evidence of social value outcomes that will create content for inclusion into Lewisham's Social Value Report at the end of each financial year and will be a mix of quantitative and qualitative data.

These themes reflect the Council's strategic objectives and therefore how we wish to achieve social value through our contracts.

The four themes and associated KPIs and their context within Lewisham, are set out below:

4.1 Themes – 1) Core Commitments

The Council will seek to ensure that 'Core Commitments' (minimum gateway requirements and standards) continue to be developed and promoted. These are, where applicable, the minimum standards we expect from our suppliers in respect of how they conduct their business when supplying to the Council and deliver social value. It should be noted that the Core Commitments stated in this policy are not exhaustive and therefore specific requirements or details for contracts may be included in the relevant section or service specifications in individual tenders, or may exist in legislation.

These commitments are recorded in our social value monitoring to ensure consistent delivery across our supply chain.

Example KPIs for this theme include, but are not limited to:

- the adoption of policies by suppliers to ensure positive action on Climate change which support the Council's net-zero by 2030 target to reduce pollution and improve air quality
- publicly reported energy and/or carbon emissions based on an accredited methodology
- supporting the ongoing promotion of good working practices by challenging low pay and insecure working conditions in their supply chains and ensuring the London Living Wage continues to be paid as a minimum within the borough
- suppliers' commitment to work practices that improve staff physical and mental wellbeing and reduce absenteeism due to ill health
- ongoing commitments to tackling modern slavery
- using logistics companies in supply chains who are registered with the Fleet Operators Recognition Scheme (FORS) or equivalent
- membership of the Disability Confident Scheme and similar initiatives
- support for healthy living initiatives i.e. SugarSmart
- having received 'Mental Health Tick' standard or equivalent
- encouraging businesses to adopt 'Fair Tax Principles'.

4.2 Themes – 2) Employment and Skills

At over 6%, unemployment in Lewisham is above the national average, with almost 13,000 residents claiming Universal Credit in May 2022². Therefore ensuring local residents have access to secure, fairly paid jobs is a priority for the Council. Some residents face greater disadvantage in the labour market with higher rates of unemployment amongst younger (18-24) and older (50+) working age residents. There are also significant ethnicity and disability employment gaps. Moreover, there are just 40 jobs in Lewisham for every 100 working age residents, the lowest jobs density in the country.

Through our social value policy we will seek to create opportunities for residents of all ages to access jobs and training, information and guidance sessions and work experience by providing engagement and activities to enable everyone to fulfil their potential, no matter what their background or circumstances.

Example KPIs for this theme are:

- Creating meaningful job opportunities for all residents, especially those who are unemployed or in low paid jobs. Priority groups include young people, including care leavers; disabled residents and refugees
- increasing apprenticeship opportunities
- securing access to work experience, summer internships and T-Level placements for on-the-job learners
- developing Sector Based Academy Work Programmes (SWAPs) and other job specific training routes to optimise opportunities for residents
- investment in future skills and training by giving information and advice to young and unemployed people including through school engagement and attendances at careers fairs

² Source: The Office for National Statistics (ONS), NOMIS Labour Market Data Lewisham May 2022

- adopting the use of new innovations i.e. digital ‘badges’ to recognise innovations and achievement.

4.3 Themes - 3) Economy and Growth

By encouraging social value into businesses core values and encouraging their adoption of various initiatives such as becoming accredited with the Living Wage Foundation, we can drive local prosperity and economic growth. Through social value we will seek to diversify and expand the local economy by inspiring, nurturing and promoting the creativity and entrepreneurship of Lewisham residents.

Lewisham remains an economy made of very small firms with just a handful of major employers, with 70% of retail businesses in Lewisham being independent and 66% of independent businesses being in Black, Asian or Minority Ethnic ownership³. Overall, the number of enterprises that call Lewisham home has remained stable over the past few years at around 10,000. As our businesses continue to recover from the Covid-19 pandemic, the Council will continue to offer networks, support and advice to help businesses develop sustainably and grow value in the face of rapidly changing external conditions.

The recent cost of living crisis has seen annual inflation in the UK soar⁴ with prices rising across almost all sectors of the economy, with fuel, food and energy being particularly noticeable.

These external pressures make it is essential that we maximise our economic opportunities and ensure they are accessible locally. The social value generated from procurements at the Council will contribute to the development and growth of our businesses, by increasing the number of sub contracts available, increasing spending in the local economy and using peer to peer business support to foster growth for SME’s. These measures will make sure the money we spend creates a beneficial, circular economy that keeps wealth generated by our communities, inside our communities.

To remain competitive, it is vital that our suppliers harness their creative abilities and adapt their business and innovate. Using new technology and making continuous improvements will augment the quality and delivery of services as well as make efficiencies and financial savings both for the council and the suppliers themselves.

Investing in people and developing staff drives breakthroughs in productivity when the time and space to explore new ideas and professional development opportunities is given. Businesses need to invest in the development of their workforce to ensure their employees are sufficiently skilled and fairly paid to keep pace with the marketplace. Investing in technology, equipment and research and development enables suppliers to stay competitive and whilst identifying new opportunities and risks. Businesses that commit to investing in themselves and the local community are more likely to have further success with public sector agencies.

Example KPIs for this theme are:

³ Lewisham High Streets – Independent, and Black, Asian and Minority Ethnic Business Head Count and Survey 2021

⁴ The Consumer Prices Index (CPI) rose by 9.1% in the 12 months to May 2022, up from 9.0% in April. This is the highest CPI 12-month inflation rate in the National Statistic series, which began in January 1997. – Source: The Office for National Statistics (ONS), Consumer Price Inflation May 2022

- provision of expert 'business to business' (B2B) mentoring and support by suppliers
- increasing local business access to sub-contracting opportunities
- gaining commitments to increasing supplier spending into the local economy through promotion and the adoption of initiatives such as the 'Lewisham Local' discount card scheme
- workspace provision for local start-up or VCSEs or SMEs
- donations of equipment or resources to VCSEs or charities
- suppliers becoming accredited with the Living Wage Foundation
- making commitments to Fair Tax Principles
- encouraging creativity and aspiration adopting new technologies

4.4 Themes – 4) Environment, Community and Place

The population of Lewisham has grown by 9% in the decade since the 2011 census⁵ and is home to residents of over 25 ethnic groups⁶ from 75 nationalities⁷ across 18 wards. Social Value goes hand in hand with community development and the Council plays the biggest role in the engagement with our communities. Lewisham will use social value to further this engagement to ensure residents live in attractive, well connected, safe and viable communities with access to spaces that promote and protect our cultures, our diversity, our heritage and equality.

In 2019 Lewisham was one of the first local authorities in London to declare a 'climate emergency'. Our Climate Emergency Action Plan was agreed by Mayor and Cabinet on 11 March 2020 and sets out our ambition for the borough of Lewisham to be carbon neutral by 2030. Since then, Lewisham Council has also signed up to the UK100 "Net Zero Local Leadership Pledge", alongside over 40 other local leaders, to reach zero carbon before national government.

Lewisham is home to 47 "outstanding" parks and 15 nature reserves⁸. In addition to providing a response to the ecological crisis by providing habitats for plants and local wildlife, our parks also host a diverse range of community and commercial events, which also serve to strengthen communities and promote greater social inclusion.

The Council also owns and maintains many urban and built assets including libraries, community centres, schools, undeveloped land, property, public spaces and other premises.

With the social value derived from procurement, the Council will work with suppliers, the voluntary and community sector and other partners to help maintain and improve our natural and built environments which will contribute to keeping our urban spaces active and protecting parks and green spaces from overuse.

Example KPIs for this theme are:

- provision of facilities or resources for use by wider community
- provision of vehicles, machines or tools for use by wider community

⁵ In Lewisham, the population size has increased by 9.0%, from around 275,900 in 2011 to 300,600 in 2021. This is higher than the overall increase for England (6.6%), where the population grew by nearly 3.5 million to 56,489,800 – Source: The Office for National Statistics (ONS), Census 2021

⁶ Source: The Office for National Statistics (ONS), NOMIS 2022

⁷ Source: Joint Strategic Needs Assessment (JSNA) 2021 in Lewisham, the "A Picture of Lewisham" population overview

⁸ Source: The Good Parks Report 2021

- making financial donations to the Council's 'Greening Fund'
- in-kind donations of materials, expertise or labour for works or volunteering
- investment in the community and community asset development
- supporting the arts and cultural life
- creating partnerships with our schools and communities to work together to deliver community engagement and arts projects
- offering sponsorship or partnership projects for the renovation of community spaces (in built or natural environments)
- create new green spaces and renovate and improve underused existing outdoor spaces for use by the general public making Lewisham more accessible for all
- to empower people to make environmentally friendly choices and minimise their personal impact on the environment; contributing towards cleaner, greener spaces and our net zero ambitions
- reducing traffic and vehicle journeys by encouraging car-pooling, reducing/consolidating deliveries and promoting the use of bicycles as a mode of transport to improve air quality and reduce carbon emissions.

5. How Social Value is achieved in Lewisham

The inclusion of Social value into Lewisham contracts significantly helps the Council to deliver on its strategic corporate priorities and deliver added value for the borough as a whole. To further this development, it is essential that awareness, knowledge and understanding of social value among stakeholders and commissioners is increased. This will maximise the beneficial impact in improving the services provided by suppliers and ultimately the opportunities that should be delivered in our communities. This delivery will be underpinned by ensuring robust implementation and measurement to influence the changing culture of public sector procurement and embedding social value into our supplier's core values.

Officers will need to refer to the 'Themes and Key Performance Indicators' above and then ensure that on a case by case basis they clearly identify which of those social value objectives and social benefits are relevant and proportionate to the subject matter of the contract. The purpose is to ensure that the benefits derived from the chosen KPIs link to a core requirement of the contract, as it is unlawful to take issues into account in a procurement process which aren't relevant to the subject matter of the contract.

The Council published its first ever social Value policy in 2019 with an agreed evaluation weighting of between 5% - 10% of a tender's quality score. The understanding and transparency of this both within the Council and across suppliers and the marketplace has progressed and now the Council is confident that it can derive tangible wider community benefits from a revision of this policy; and is therefore proposing that the social value weighting for tenders above £50k now include a minimum of 10% (weighted as 45% price, 45% quality and 10% social value, with all weightings over 10% coming from the quality element) where justified and agreed with the Corporate Procurement Board.

In order to determine what percentage of the evaluation weighting should be applied, each procurement will need to consider:

- Additional impact of social value
- how many KPIs under each of the 4 key objectives can be delivered
- the weighting across the key themes and outcomes stated when considering the size and duration of the contract.

The exact weighting will be determined during discussions with the Procurement team.

The Procurement Team and Social Value Officer will be able to assist with any questions around implementing or measuring any of the above. If there are no social value objectives which are relevant to the subject matter of the contract, then the social value weightings will not apply: note that only the Corporate Procurement Board can decide that no social value weightings should be applied.

6. Monitoring and Evaluation

There is a monitoring tool for commissioners and contract managers to use to enable a complete picture of Social Value outputs to be recorded. The tool will also provide demographic and geographical data which will be used to create an impact assessment demonstrating who benefited and where those benefits were delivered and of social value in our communities.

Commissioners and contract managers are responsible for ensuring all outcomes be reported by contractors/providers on a quarterly basis using the Councils reporting tool, with data reported to all Departmental Management Teams.

As part of the implementation of this policy, procurement will work with legal to seek to ensure that all Council contracts have appropriate contractual mechanisms to enforce the delivery of the agreed social value KPIs. The monitoring of social value delivery forms part of the Council's contract management framework and enables non-delivery to be identified and rectified.