



# Alternative Methods of Service Delivery Task and Finish Group

Item

13 February 2019

<b>Report of</b>	<b>Assistant Director of Policy and Corporate</b>	<b>Author</b>	<b>Dan Gascoyne</b>
<b>Title</b>	<b>Task and Finish Group – Alternative Service Delivery - Update</b>		<b>☎ 282577</b>
<b>Wards affected</b>	Not applicable		

## 1. Executive Summary

- 1.1 This report sets out the conclusions of the Task and Finish Group following the work it has undertaken on delivering Social Value through procurement. It makes a number of recommendations to Cabinet in respect of Social Value and recommends that the Group continue its work by further exploring options for mutual and co-operative services.

## 2. Recommended Decision

To recommend to Cabinet that:

- 2.1 Cabinet approves the development of methods to measure and report the Social Value benefits derived from contract spend in line with the Strategic Plan priorities.
- 2.2 Cabinet delegates authority to the Portfolio Holder for Resources to agree priority Social Value measures relevant for this borough and identified by the Group as shown in Appendix 4, together with the additional measure identified at the Group's meeting on 24 January 2019 in respect of the number of jobs created for current or ex-armed forces personnel.
- 2.3 Cabinet approves the Group's recommendation that 'local' is defined as North Essex and South Suffolk for the purposes of Social Value measures, and authority to approve the exact boundaries be delegated to the Assistant Director - Policy and Corporate, taking into account travel to work and labour market criteria.
- 2.4 Cabinet considers if an additional Social Value performance measure would be appropriate, after further work has been done to develop effective measurement methods that reflect the Council's priorities.
- 2.5 Cabinet agrees that the Group continues its work by further exploring the options for mutual and co-operative services and returns to a future Cabinet meeting with recommendations about alternative service delivery models.

## 3. Reason for Recommended Decision

- 3.1 The Group agreed it would concentrate its work on issues relating to Social Value and how the Council could use its procurement processes to maximise the Social Value it obtained. The National TOMs framework from the [Social Value Portal](#) (SVP) was discussed and a number of the measures were prioritised for further consideration to develop a manageable process for both Council officers and suppliers.
- 3.2 Several of the measures include 'local' within the definition and calculation. The Group discussed different ways of defining the local area and asked officers to look at data that reflects the economic and demographic context.

## 4. Alternative Options

- 4.1 No alternative options are proposed.

## **5. Background Information**

- 5.1 At its meeting on 6 June 2018, Cabinet approved the establishment of the Alternative methods of Service Delivery Task and Finish Group:
- To explore alternative methods of service delivery and contracting of services. To provide alternative business plan options for delivery through mutual or cooperative services.
  - The Group may use other Local Authority examples to examine models of service delivery and carry out peer reviews of services where appropriate.
- 5.2 The Group consists of Councillors Martyn Warnes (Chair), Cyril Liddy, Simon Crow Dennis Willetts, (Jackie McLean substitute), Beverley Oxford, Helen Chuah and Nick Cope. Three meetings have taken place to date.
- 5.3 The initial scoping stages identified two elements to focus on:
- The Council's approach to delivering Social Value through procurement
  - Options for alternative service delivery to be explored as part of the Council's overall approach to service improvement.

This would enable the Council to deliver community benefits through its procurement processes in the short term, and then consider the potential in the longer term for alternative service delivery models, such as public sector mutual or cooperatives.

- 5.4 Current procurement processes include a question for Bidders to identify how they intend to provide Social Value as part of their Bid proposal across categories of Employment, Apprenticeships, Community Engagement and Environmental Impact. Typically, this has a weighting impact of 5%. A recent example of a social benefit received from a contract is the donation of 2019 trees by our Grounds Maintenance contractor, idVerde, in the annual "Trees for Years" giveaway event on 2 February 2019.
- 5.5 In July 2013, the Council agreed three Social Value themes to support the local economy, the Living Wage and environmental issues. Please see Appendix 1.

## **6. Task and Finish Group Activity**

- 6.1 Key issues and questions identified and considered are shown in Appendices 1-3.
- 6.2 The Group agreed it would concentrate its work on issues relating to Social Value and how the Council could use its procurement processes to maximise the Social Value it obtained. The National TOMs framework from the [Social Value Portal](#) (SVP) was discussed and a number of the measures were prioritised for further consideration to develop a manageable process for both Council officers and suppliers. See Appendix 4 for the TOMs framework showing the national set of Themes, Outcomes and Measures.
- The Group identified a new measure for development that would identify the support provided to help Armed Forces personnel into work.
- 6.3 Several of the measures included 'local' within the definition and calculation. The Group discussed a range of options to help officers and contractors to be clear about how the Council defines 'local' for the purposes of Social Value measures. The Group asked officers to provide further data such as 'travel to work' areas, local plan information and other considerations including geography and postcode areas to help reflect the economic and demographic context.
- 6.4 The SVP approached Council officers to give an understanding how the National TOMS Framework could be used as a measurement tool to calculate and monitor the value of community benefits derived from the award of Council contracts.

The presentation from the Social Value Portal to officers clarified the process and that the framework considered by the Group is a national one. Should the Council opt to work with the SVP, there would be an opportunity to create a Colchester-specific framework that could be closely aligned with our Strategic Plan and its objectives.

- 6.5 As well as development of a Colchester-specific framework, the SVP offer includes online management and monitoring with access for Council officers and suppliers during procurement and the subsequent contract management processes.
- 6.6 The SVP have indicated costs in the region of £9,000 per annum for a three-year commitment payable by the Council and each successful supplier would pay the SVP 0.15% of the contract value capped at £3,000 a year.
- 6.7 An alternative option would be for the Council to take a more limited approach to monitoring Social Value by developing its own measures using existing resources. This could have a detrimental effect on other procurement activity and create a resource pressure across service areas to manage and monitor the benefits delivered in contracts.

## 7. Task and Finish Group Conclusions

- 7.1 A means of monitoring and measuring Social Value benefits is necessary.
- 7.2 Cabinet be invited to consider the list of priorities identified by the T&F Group using the national TOMS framework.
- 7.2 Subject to Cabinet agreement, that officers in consultation with the Portfolio Holder for Resources:
  - develop methods to measure the Social Value benefits derived from contract expenditure in line with the Strategic Plan priorities
  - explore how 'local' is defined when applied to people, schools and colleges, suppliers and community projects for the purposes of Social Value measures
  - actively engage with the Social Value Portal to develop a TOMS framework that aligns with our Strategic Plan and forms an essential part of procurement
  - develop ways to report the Social Value benefits received
  - consider if Social Value benefits received could become an additional performance indicator to help deliver the Council's priorities, as the process develops and matures.
- 7.3 That the Group continues its work of further exploring the options for mutual and co-operative services and to return to a future Cabinet meeting with recommendations about alternative service delivery models.

## 8. Equality, Diversity and Human Rights implications

- 8.1 The relevant Equality Impact Assessment for the Council's Procurement Strategy can be found [here](#) or via: [www.colchester.gov.uk](http://www.colchester.gov.uk) > Your Council > How the Council Works > Equality and Diversity > Equality Impact Assessments > Commercial Services >

## 9. Strategic Plan References

- 9.1 Social Value has strong links to the vision, themes and objectives of the [Strategic Plan 2018-21](#), in particular, the four themes shown below:

**Growth** - Ensuring all residents benefit from the growth of the borough

**Responsibility** - Encouraging everyone to do their bit to making our borough even better

**Opportunity** - Promoting and improving Colchester and its environment

**Wellbeing** - Making Colchester an even better place to live and supporting those who need most help.

## **10. Consultation**

- 10.1 There are no particular references at this point, but the Group is mindful of the need to engage with relevant stakeholders to maximise the potential outcomes.

## **11. Publicity Considerations**

- 11.1 The Council launched a [Social Value webpage](#) in 2013 when the Act came into force, with connections made to [Supplying the Council](#) and [Modern Slavery](#) elsewhere on the Council's website.
- 11.2 There is the opportunity to refresh these web resources in the light of decisions taken to promote Social Value and to explain the current approach. This could include clarifying the benefits for residents, employers and suppliers.

## **12. Financial implications**

- 12.1 As shown in paragraph 6.6, contracting with the SVP would involve costs in the region of £9,000 per annum for a three-year commitment, payable by the Council, with each successful supplier paying the SVP 0.15% of the contract value capped at £3,000 a year, in addition to officer time. Actual costs will be subject to further commercial negotiation on pricing, including consideration of a one-year option.

The development of an effective tool for measuring and monitoring Social Value would also enable the Council to have a much clearer understanding of the cash equivalent of any Social Value extracted, which would provide an opportunity to demonstrate the cost benefit overall for reporting purposes.

## **13. Health, Wellbeing and Community Safety Implications**

- 13.1 Social Value benefits, outcomes and impacts derived from contracts awarded to contractors and suppliers will deliver a range of improvements for the local community. Examples of possible Social Value benefits could include:
- access to work placements
  - increased opportunities for local employment
  - a commitment to spend with local suppliers where possible
  - contributions of time, money or equipment towards community projects
  - environmental considerations.

## **14. Health and Safety Implications**

- 14.1 None

## **15. Risk Management Implications**

- 15.1 It is difficult to calculate and measure the social value and community benefits derived from contracts. This is partly because many of those benefits are qualitative and to be understood, they require data collection and reporting.

The risk is that without a range of standard measurements that can be quantified and used by all suppliers, the Council will not be able to objectively define the benefits.

## Appendix 1

### Task and Finish Group Scoping Document

#### Current Position on Social Value

Revisit the Council's agreed three themes / priorities relating to **Social Value** as resolved by Cabinet in July 2013 to determine if these are still relevant or whether there are new themes and priorities to be considered (see below).

See [CBC Social Value page](#) for current publication.

At the Cabinet meeting in July 2013, it was

*RESOLVED that:*

- a) *The Council's procurement process and guidance be amended to include a requirement to consider appropriate and relevant measures to address the impact on the local economy, the environment and compliance with the living wage at the pre-procurement stage of future procurements over the EU threshold.*
- b) *The key social value issues applicable to Colchester Borough Council will be those set out at paragraph 4.7 of the Assistant Chief Executive's report (as below).*

*Following discussions at Leadership Team, the following three themes / priorities are recommended as those which should be taken into account when considering social value:*

<b>Social Value Theme</b>	<b>Examples</b>
<i>Impact on local economy</i>	<i>Requirement to advertise employment opportunities locally Skills training / apprenticeships Use of local sub-contractors</i>
<i>Compliance with living wage</i>	<i>Subject to the decision on accreditation; relevant contractor employees would have to be paid at least the living wage (currently £7.49).</i>
<i>Environmental</i>	<i>Requirement to use low emission vehicles Eco-efficiency – doing more with less resource Reduce, reuse and recycle Increase in amenity Visual improvement</i>

#### Questions to consider

- To what extent are these 2013 themes still relevant for 2019 and beyond, and how well do they align with [the Strategic Plan 2018-21](#)?
- Could the Council connect the various aspects of Social Value more clearly on the Council's website to reflect its importance to the organisation and its communities?

## Appendix 2

### Task and Finish Group Scoping Document

#### Extending the Council's commitment to Social Value

*Review the 2018 national [Social Value Portal framework](#) of Themes, Outcomes and Measures (TOMS) to explore implications for the Council's approach to Social Value within procurement and how the Council might **measure** the Social Value contributions and community benefits delivered by our partners, suppliers and contractors.*

In 2018 the Social Value Portal developed a National Themes, Outcomes and Measures (TOMS) framework.

The Framework has 5 main themes, with up to 35 measures. Individual measures are designed to be selected on a contract-by-contract basis to reflect relevance, suitability and proportionality:

- Jobs: Promote Local Skills and Employment
- Growth: Supporting Growth of Responsible Regional Business
- Social: Healthier, Safer and more Resilient Communities
- Environment: Protecting and Improving Our Environment
- Innovation: Promoting Social Innovation

To some extent, the 2013 themes are being addressed within current tendering processes and HR arrangements, eg [Current Vacancies](#), [Apprenticeships](#) and [Living Wage](#). Likewise, environmental issues are being picked up in a range of activities, eg [the Strategic Plan 2018-21](#), purchase of freighters with Euro 6 diesel engines, [the No Vehicle Idling Policy](#).

The Task and Finish Group could review the 2013 themes and update them for 2019 in line with the Social Value Portal TOMS. More could be done to the Council's website to refresh and connect the relevant content.

If resource was allocated, the Council could hold a "Meet the Buyer" event and produce good practice guidance aimed at local suppliers to inform how to identify and respond to tender opportunities to supplement the information currently provided on the Council's [Supplying the Council](#) page.

#### Questions to consider

- Should the TOMS framework approach be adopted for tenders and contracts?
- What other benefits and contributions should be considered that are outside the procurement process?

## Appendix 3

### Task and Finish Group Scoping Document

#### **Alternative Methods of Service Delivery** - definitions and further information/research used

*Public Service Mutuals (PSM) offer an alternative model for delivering public services. DCMS defines these mutuals as organisations which “have left the formal public sector, continue to deliver public services and aim to have a positive social impact”. Mutuals can take a variety of legal forms, but most are community interest companies, community benefit societies or charities.*

[Public Service Mutuals: State of the Sector 2018](#) was produced by Social Enterprise UK for DCMS and provides a detailed study of the public service mutuals market, with 70% of the sector interviewed. It covers achievements the industry has made so far, while also noting the challenging environment mutuals are operating in, and the key issues raised by those that run them.

The DCMS [Civil Society Strategy: building a future that works for everyone](#) sets out plans to bring together the public sector, private businesses, charities and volunteers to tackle social problems and build a fairer society. The wide-ranging 123-page strategy has 15 mission objectives across what it describes as the five key foundations of social value: people, places, the social sector, the private sector, and the public sector.

#### [Social enterprise, mutual, co-operative and collective ownership models](#)

LGA guide to employee-led organisations – see pages 11-15 for definitions, and the TUPE/pensions considerations in section 4.

National [Social Value Portal](#) and Network – an “*online solution that allows organisations to measure and manage the contribution that their organisation and supply chain makes to society*”

[Cooperative Councils Innovation Network](#) – “*a collaboration between local authorities committed to transforming the way they work with communities*”

[CLES](#) (Centre For Local Economic Strategies) - an “*independent think and do tank realising progressive economics for people and place.*”

## Appendix 4

### Social Value Portal - National TOMS Framework 2019

Theme	Outcomes	Ref	Measures - Minimum Requirements	Priority
Jobs: Promote Local Skills and Employment	More local people in employment	NT1	No. of local people (FTE) employed on contract for one year or the whole duration of the contract, whichever is shorter.	
		NT2	% of local people employed on contract (FTE)	✓
	More opportunities for disadvantaged people	NT3	No. of employees (FTE) taken on who are long term unemployed (unemployed for a year or longer)	
		NT4	No. of employees (FTE) taken on who are not in employment, education, or training (NEETs)	✓
		NT5	No. of employees (FTE) taken on who are rehabilitating young offenders (18-24 y.o.)	✓
		NT6	No. of jobs (FTE) created for people with disabilities	✓
		NT7	No. of hours dedicated to supporting unemployed people into work by providing career mentoring, including mock interviews, CV advice, and careers guidance -(over 24 y.o.)	
	Improved skills for local people	NT8	Local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks (No. hours, includes preparation time)	
		NT9	No. of training opportunities on contract (BTEC, City & Guilds, NVQ, HNC) that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+	
		NT10	No. of apprenticeships on the contract that have either been completed during the year, or that will be supported by the organisation to completion in the following years - Level 2,3, or 4+	✓
	Improved employability of young people	NT11	No. of hours dedicated to support young people into work (e.g. CV advice, mock interviews, careers guidance) - (under 24 y.o.)	
		NT12	No. of weeks spent on meaningful work placements or pre-employment course; 1-6 weeks student placements (unpaid)	✓
		NT13	Meaningful work placements that pay Minimum or National Living wage according to eligibility - 6 weeks or more (internships)	
Growth: Supporting Growth of Responsible Regional Business	More opportunities for local SMEs and VCSEs	NT14	Total amount (£) spent with VCSEs within your supply chain	
		NT15	Provision of expert business advice to VCSEs and SMEs (e.g. financial advice / legal advice / HR advice/HSE)	
		NT16	Equipment or resources donated to VCSEs (£ equivalent value)	
		NT17	Number of voluntary hours donated to support VCSEs (excludes expert business advice)	
		NT18	Total amount (£) spent in LOCAL supply chain through the contract.	✓
		NT19	Total amount (£) spent through contract with LOCAL micro, small and medium enterprises (MSMEs)	
Improving staff wellbeing	NT20	Demonstrate commitment to work practices that improve staff wellbeing, recognise mental health as an issue and reduce absenteeism due to ill health. Identify time dedicated for wellbeing courses	✓	



Theme	Outcomes	Ref	Measures - Minimum Requirements	Priority
	<b>A workforce and culture that reflect the diversity of the local community</b>	NT21	Diversity training provided for contractors and subcontractors	✓
	<b>Ethical Procurement is promoted</b>	NT22	Percentage of procurement contracts that includes commitments to ethical procurement, including to verify anti-slavery and other relevant requirements.	✓
	<b>Social Value embedded in the supply chain</b>	NT23	Percentage of contracts with the supply chain on which Social Value commitments, measurement and monitoring are required	✓
<b>Social: Healthier, Safer and more Resilient Communities</b>	<b>Crime is reduced</b>	NT24	Initiatives aimed at reducing crime (e.g. support for local youth groups, lighting for public spaces, private security, etc.)	
	<b>Creating a healthier community</b>	NT25	Initiatives to be taken to tackle homelessness (supporting temporary housing schemes, etc)	
		NT26	Initiatives taken or supported to engage people in health interventions (e.g. stop smoking, obesity, alcoholism, drugs, etc) or wellbeing initiatives in the community, including physical activities for adults and children.	
	<b>Vulnerable people are helped to live independently</b>	NT27	Initiatives to be taken to support older, disabled and vulnerable people to build stronger community networks (e.g. befriending schemes, digital inclusion clubs)	
	<b>More working with the Community</b>	NT28	Donations or in-kind contributions to local community projects (£ & materials)	✓
		NT29	No hours volunteering time provided to support local community projects	✓
		NT30	Support provided to help local community draw up their own Community Charter or Stakeholder Plan	
<b>Environment: Protecting and Improving Our Environment</b>	<b>Climate Impacts are reduced</b>	NT31	Savings in CO2 emissions on contract not from transport (specify how these are to be achieved).	
	<b>Air pollution is reduced</b>	NT32	Car miles saved on the project (e.g. cycle to work programmes, public transport or car-pooling programmes, etc.)	
		NT33	Number of low or no emission staff vehicles included on project (miles driven)	✓
	<b>Better places to live</b>	NT34	Voluntary time dedicated to the creation or management of green infrastructure, to increase biodiversity, or to keep green spaces clean	
<b>Sustainable Procurement is promoted</b>	NT35	Percentage of procurement contracts that includes sustainable procurement commitments or other relevant requirements and certifications (e.g. to use local produce, reduce food waste, and keep resources in circulation longer.)	✓	
<b>Innovation: Promoting Social Innovation</b>	<b>Other measures (TBD)</b>	NT36	Other measures (£) - please describe any additional initiatives that you would like to make and £ to be invested	
		NT37	Other measures (hrs) - please describe any additional initiatives that you would like to make and hrs to be committed (No. expert hrs)	
		NT38	Other measures (hrs) - please describe any additional initiatives that you would like to make and hrs to be committed (No. voluntary hrs)	