

<u>Meeting</u> Cabinet
<u>Date and time</u> Wednesday 18th October, 2023 At 7.00 pm
<u>Venue</u> Hendon Town Hall, The Burroughs, London NW4 4BQ

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
11	Updated Social Value Policy – Corrected Section 1.6 Cover Report	3 - 6

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Proposed change/addition	Rationale
<p>A minimum expectation of 5% reinvested in social value initiatives by suppliers on contracts over £100K.</p>	<ul style="list-style-type: none"> • A minimum expectation will allow the council to quantify social value commitments, project the total social value suppliers have committed to and track their progress on an annual basis. • The lowest amount committed to will still have a significant impact on our communities. • Based on the contracts in the aforementioned APFP 22-23, the minimum we could have expected reinvested in the community is c. £69m (of our monetary evaluation). This would be equal to one of the following: <ul style="list-style-type: none"> ○ 17,250 new full-time jobs paid at London Living Wage ○ 34,500 tonnes of CO2 emissions saved through decarbonisation ○ £6.9m in financial or materials contributions to support VCSEs ○ 138,000 weeks of work experience or placements • It will allow the council to be more transparent when reporting SV. • It quantifies social value commitments which makes it easier for LBB to evaluate tenders objectively. • Not all local authorities have minimum expectations in their policies, but the ones that do have stated they now see more consistency in the commitments made in tenders. Those local authorities have an equal or higher minimum expectation percentage. • We are proposing a 5% minimum to mitigate any commercial risks whilst providing great value to our communities.
<p>A minimum of one employment outcome expectation for each million pound (reviewed on a tender-by-tender basis).</p>	<ul style="list-style-type: none"> • One of the priorities in the new corporate plan is to reduce poverty; employment has been identified as a key solution to reducing poverty, in particular if individuals are paid at a London Living Wage or above. Therefore, this requirement will demonstrate tangible commitment to reducing poverty in the borough. • We recognise this may not be appropriate for all contracts, thus discretionary removal will be permitted, subject to contract managers providing reasoning. However, a minimum of one employment outcome would be our default position for most procurement. • Additionally, this requirement is consistent with most local authorities and housing providers including The Barnet Group.

Liquidated Damages Clauses (LADs) for non-delivery of Social Value commitments

- Including LADs in our policy will provide assurance against suppliers who choose not to uphold their SV commitments. Where there are genuine reasons for non-delivery, we would work with the supplier to find a solution which could include delivering a different measure.
- It promotes transparency and ensures accountability.
- The new social value framework is built around monetary values for measures, therefore it is easy to quantify commitments, calculate the liquidated damages, and then write them into contracts.
- Harrow Council has Liquidated Damages Clauses in their Social Value framework. This is worthy to note because we share legal services making the process of implementation more straightforward.
- Whilst implementing LADs does pose some risks such as potentially causing functioning contracts to fail and the complexity in drafting clauses, how they will be managed will ensure the risk level remains low. HB Public Law, who have experience in drafting these clauses, will work with our procurement team to ensure the council is following correct legal procedures for every step on the process. Procurement and HB Public Law will at the commencement of the procurement process consider the applicable social value requirements in the specification, how this is reflected in the tender documents and in particular how it will be scored and how it aligns with the requirements of the Public Contracts Regulations 2015 and the contract.
- Also, LADs would only be used as a last resort – mainly for businesses that neglect their social value commitments and choose not to engage with LBB.

<p>Condense Barnet TOMs from 83 measures to circa 40 and attach monetary values for each measure.</p>	<ul style="list-style-type: none"> • A reduced list of TOMs will enable us to focus on our priorities in a more targeted way. • Although, a broad list of measures gives suppliers variety of options, it also creates a scattergun effect as resources are spread and that can dilute impact. • Furthermore, measuring the impact of numerous social priorities becomes complex as data collection becomes fragmented, making it harder to assess the effectiveness of measures/interventions. Therefore, this will make it easier to monitor and demonstrate impact. <p>Monetary values (weighting system)</p> <ul style="list-style-type: none"> • For all documents and proposed changes and additions to be aligned and work in unison, we need to assign a monetary value to each measure. • Suppliers would be unable to quantify their SV commitments to meet the 5% minimum expectation if we used a different evaluation method. • The values have been agreed by the Social Value Task Group, and they reflect how highly we prioritise a measure. • This would be used as our weighting system and will be accompanied by indicators to further highlight our priorities.
<p>Allow financial or in-kind material contributions but should not exceed 10% of the Total Proposed Commitment.</p>	<ul style="list-style-type: none"> • This will give us more resources to invest into our communities to meet their needs. Although, we want suppliers to understand the landscape of our VCSEs and communities, the council has a greater understanding of those needs. • It limits undirected spending and ensures funds go to causes and projects that would benefit most from it. • It can be a catalyst for local development as it can help bolster the financial stability of VCSEs, enabling them to continue their valuable work. • In-kind contributions can help suppliers build better connections with our communities. • Contributions being capped at 10% gives smaller businesses a chance to compete as larger corporations, who generally have more spending power, can't just cover their social value responsibilities with financial transactions.

<p>Embed Social Value Matrix in the Invitation to Tender/Quote and replace social value question in the tender documents.</p>	<ul style="list-style-type: none"> • This is the tool suppliers will use to fill out their commitments. It guides suppliers to produce clearly defined commitments where crucial information such as quantities, milestones, the method to be applied and responsible person(s) are stated. • The tool quantifies the commitments, making it easier for the evaluating panel to assess bids objectively. • It will give a structure to how suppliers present their SV offers as, currently, offers can be convoluted. • It works in unison with the TOMs and will make it easier for us to transfer information from the stated commitments, to a contract, and to the monitoring tools. <p>Method Statement:</p> <ul style="list-style-type: none"> • Method statements are crucial in evaluating offers as it gives insight on how a supplier plans to deliver their commitments. A strong method statement should leave the evaluator feeling confident that offers are realistic and attainable. • “Any other benefits” section gives the supplier the opportunity to present an idea that is not in the remit of the refreshed TOMs. This will ensure that we are not entirely prescriptive and gives suppliers the opportunity to be innovative.
<p>Social Value Impact Fund to reinvest funds from liquidated damages and financial contributions back into the community.</p>	<ul style="list-style-type: none"> • This fund was written into the existing policy; however, it was not implemented. We are looking to introduce it following the publication of this updated policy, subject to cabinet approval. • Liquidated Damages and financial contributions will feed into this fund. • Funds will be reinvested to facilitate community growth including support community initiatives. • The Social Value Panel, a multiagency group that will be formed comprising of LBB staff, residents, VCFS partners and local businesses, will decide the eligibility criteria and how a portion of the funds will be redistributed. • As the criteria has not been decided, the fund can be shaped to target our priorities such as tackling inequalities and reducing poverty.