

BIRMINGHAM & SOLIHULL SOCIAL ECONOMY CONSORTIUM (CIC)

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working together for the Birmingham and Solihull social economy

Defining social value for Birmingham

A Launch and workshop event for Birmingham City Council

22nd January 2013 • Birmingham

A Barrow Cadbury-Funded Project



Action for Blind People WM | Anthony Collins Solicitors | ART | BVSC | brap | Business in the Community | Cloudberry | Colebridge Enterprises | Digbeth Trust | Diocese of Birmingham | ENTA | ISE | Jericho Community Business Ltd | Kajans Productions | RnR Organisation | Roots HR (CIC) | The Social Enterprise Loan Fund | Spot On Marketing & Communications CIC | Unity Trust Bank | UnLtd

Birmingham & Solihull Social Economy Consortium C.I.C (trading as BSSEC) is a company limited by guarantee registered in England & Wales No. 07992674. Registered Office address: Anthony Collins Solicitors LLP, 134 Edmund St, Birmingham B3 2ES.

Programme

1.00	<p>Welcome, introduction & context</p> <p>Tony Clabby Co-chair BSSEC Alun Severn BSSEC secretariat</p>	10 mins
1.10	<p>Social Value & Birmingham City Council – key policy drivers for Birmingham</p> <p>Cllr John Cotton Cabinet member for social cohesion and equality, Birmingham City Council Jackie Mould Director, Birmingham City Council Partnerships Team</p>	30 mins
1.40	<p>Social Value & Birmingham City Council – what’s already happening?</p> <p>Cllr Stewart Stacey Cabinet member for Commissioning, Contracting & Improvement Nigel Kletz Assistant Director, Corporate Procurement Services, Birmingham City Council</p>	30 mins
2.10	<p>Social Value – legal background & implications</p> <p>Gayle Monk Anthony Collins Solicitors</p>	20 mins
2.30	<p>Refreshments – please take into your break-out groups</p>	
2.40	<p>Break-out groups</p> <ul style="list-style-type: none"> • Does SV mean something particular for a city like Birmingham? • What are the implications of SV and its implementation? • What help/support will be most useful to BCC over the next nine months or so in implementing the legislation and embedding SV principles? 	40 mins
3.20	<p>Summing up and next steps</p> <p>Alun Severn BSSEC secretariat</p>	10 mins
3.30	<p>Close</p>	

1.0 BACKGROUND

Following the passage of the Public Services (Social Value) Act 2012¹ Birmingham & Solihull Social Economy Consortium (BSSEC) has been awarded a grant by the Barrow Cadbury Trust to enable us to work with Birmingham City Council, social enterprises and voluntary organisations to create a framework which can guide stakeholders through the Act and help those involved – whether as purchasers or providers – implement the legislation and realise social value.

As part of launching this work with Birmingham City Council and other key stakeholders, a launch and workshop event was held in Birmingham on Tuesday 22nd January 2013, kindly hosted by Anthony Collins Solicitors.

The event was designed to bring together key Officers and Elected Members of Birmingham City Council, along with a small number of other handpicked stakeholders, to consider the practical issues involved in defining social value for Birmingham and successfully implementing the legislation.

39 people attended – see **Appendix 1**.

2.0 STRATEGIC CONTEXT & KEY ISSUES – FROM KEY NOTE SPEAKERS' PRESENTATIONS

2.1 Introduction: Tony Clabby & Alun Severn, BSSEC

Presentation: <http://bit.ly/WxByoA>

The Public Services Social Value Act 2012 was introduced by Chris White MP as a Private Member's Bill on 30th June 2010. It became law in March 2012 and comes fully into force January 2013. It requires public authorities to consider how *economic, social and environmental* well-being are enhanced through the procurement of services.

The Act covers public service contracts (including service contracts with a works or goods element) and frameworks for such contracts, and applies to the pre-procurement stage of the commissioning process.

In order to incorporate social value legitimately into contract specifications it will be necessary to define specific, measurable and verifiable *social value outcomes* that are part of the purchase and which form a clear part of the award criteria.

¹ <http://www.legislation.gov.uk/ukpga/2012/3/notes>

Key to *how* Birmingham City Council will utilise the new legislation will be identifying 'headline' outcomes that offer the strategic framework for social value.

The next two presentations go a long way towards doing this.

2.2 Social value: key policy drivers for Birmingham: Cllr John Cotton and Jackie Mould

Presentation: <http://bit.ly/129fDYB>

Councillor John Cotton and Jackie Mould considered social value and its relation to other key policy drivers in Birmingham, especially equality, inclusion and cohesion.

Despite some significant advances in recent years – falling crime, rising educational attainment and some closing of the health inequalities gap – Birmingham continues to face a major social inclusion challenge. It remains the ninth most deprived local authority area in the UK, with 40% of its residents living in the 10% most deprived areas in England and some in the 1% most deprived areas. In some wards child poverty is almost 50% and youth unemployment at twice the national average (23%) is a key priority. Birmingham also has a major skills mismatch with a low proportion of highly skilled residents. The localities with the greatest levels of deprivation have remained largely unchanged for decades.

Birmingham's social inclusion process, *Giving Hope, Changing Lives*, focuses on seven headline aims:

- Support families and children out of poverty.
- Embrace super-diversity.
- Protect the most vulnerable.
- Connect people and places.
- Create a city that values young people.
- Empower people to shape their neighbourhood.
- Address safety, isolation and loneliness.

Taken by themselves it is perhaps difficult to see how these might be translated into specific, verifiable social value outcomes. However, the recommendations which underpin each of these aims are much more specific and for this reason it is worth covering these in full here:

Support families and children out of poverty

- Produce a “distinctively Birmingham” inclusive growth strategy.
- Develop an approach to “locales”.
- Build local employment and skills approaches around each ‘Locale’.
- Put greater emphasis on small and micro-businesses including social enterprise.
- Foster and develop the entrepreneurial spirit of our young people and our migrant communities.
- Action to help socially excluded families.
- Develop an integrated employment and skills approach for Birmingham.
- Develop innovative finance models building on local businesses’ Corporate Social Responsibility.
- Action to help socially excluded families.

Embrace super-diversity

- Institutions need to better reflect Birmingham’s diversity.
- Develop a set of rights and responsibilities for Birmingham.
- Develop welcome centres and do more to support new arrivals in the city.
- Support children and families in Birmingham’s newly arrived communities.
- Ensure Birmingham develops an “open city” approach.

Protect the most vulnerable

- Prepare for Welfare Reform.
- Use innovative and social solutions to support vulnerable people.
- Combat fuel poverty.

Connect people and places

- Targeted reduction in the cost and access to safe transport.
- Connect people through digital means.
- Develop more open spaces and community assets.
- Create a “barrier free” city.
- Bringing people together through culture, arts and sport.

Create a city that values young people

- Create a Birmingham Jobs Fund.
- Turn education success into career success.
- Free Transport for Young People.
- Targeted support so young people can access education.
- Foster and develop the entrepreneurial spirit of the city’s young people.
- Develop a Birmingham “Right to Play” campaign.
- Develop mentoring models so all young people can access a mentor.

Empower people to shape their neighbourhood

- Develop “Community Contracts”.
- Develop a neighbourhood strategy for the city.
- Encourage “Neighbourhood twinning”.
- Develop a Neighbourhood Trust.
- Establish a Birmingham alumni network.

Address safety, isolation and loneliness

- Adopt the five ways to wellbeing in everything we do.
- Develop a safe strategy for the city.
- Develop services for older people.
- Establish a "Birmingham's Big Ideas" Fund.

These headline outcomes, it is felt, may offer new 'floor targets' to which Birmingham will wish to see social value-based commissioning contribute. Consideration still needs to be given to the extent to which these provide specific, verifiable social value outcomes that could legitimately be included in contracts.

Jackie Mould concluded by saying that she saw the implications for "social value procurement" as follows:

- Take an Asset based approach.
- Understand what works.
- Agree Clear priorities for commissioning and procurement.
- Developing outward facing services.
- Co-designing and producing services with service users.
- Focus on prevention.
- Collaboration and partnership working.
- Using public procurement as an economic development tool.

And that successful social value-based procurement could deliver multiple benefits including:

- Employment opportunities.
- Increased involvement and community capacity.
- Greater Health and well-being.
- Targeted improvements for specific groups / communities.

2.3 Social value: what's already happening? Cllr Stewart Stacey and Nigel Kletz

Presentation: <http://bit.ly/WAVKTj>

Cllr Stacey drew attention to current BCC policy drivers which already have a social value dimension:

- Commissioning for outcomes.
- New service delivery options, including commissioning from the third sector, the devolution of services to new locality-based commissioning,

and the establishment/externalisation of services in new mutual and social enterprise structures (e.g. Buy for Good² and Think Venue, Think Third Sector³).

- The Procurement Policy for Jobs & Skills – a successor to the West Midlands Framework for Jobs & Skills, this applies to all contracts over £1m. BCC Employment Access Team works with procurement to set appropriate targets and clauses in contracts. The purpose is to ensure that people from targeted communities can benefit from training and job opportunities and to date this has helped create 882 new jobs. BCC was the first authority to include non-construction contracts in such a policy.
- Find It in Birmingham, an online portal and business networking initiative to support small businesses, SMEs and social enterprises with access to tender opportunities, new supply chains and business opportunities.
- The Birmingham Business Charter for Social Responsibility,⁴ a set of guiding principles to which BCC will adhere and which it will also invite suppliers and partners to adopt in order to help foster the economic, environmental and social well being of the city. The charter will also form part of the terms and conditions of new Council contracts. Its principles are:
 - Local Employment
 - Buy Birmingham First
 - Partners in Communities
 - Good Employer
 - Green and Sustainable
 - Ethical procurement

2.3 The Public Services (Social Value) Act 2012 – From Policy to Practice: Gayle Monk, Anthony Collins Solicitors

Presentation: <http://bit.ly/Xi1y1B>

Gayle began by explaining that the Act comes fully into force on the 31st January 2013 and that it's time for public authorities to plan for its full implementation by:

² A procurement social enterprise founded by: Birmingham City Council, Accord Housing Group, Optima Community Association, Initiative for Social Entrepreneurs, Birmingham Chamber of Commerce and Industry. BfG is a Contracting Authority under the Procurement Directives.

³ Think venue is a co-operative marketing venture and online portal bringing together all of the city's main third sector conferencing venues. In the first year or so of its operation Birmingham City Council redirected over £1m in spend to third sector conference providers.
<http://www.tvts.coop/venue/birmingham-conferences-and-events/276>

⁴ <http://bit.ly/XFIFYj>

- Updating policies to reflect the new legislation.
- Clarifying and drafting any new policies that are needed.
- Assessing what's on the cards – i.e. what are this year's procurement exercises?

Good practice points

- The starting point should be agreeing a policy basis for action on social value (short-term).
- This should be followed up by adopting an explicit policy (longer-term).
- Public authorities must ensure that social value outcomes are 'core to the contract' by:
 - Including them in the **business case**.
 - Including them in the **core requirements** of the contract.
 - Including them in the **Contract Notice** and ensuring that they are not **inadvertently discriminatory**.
 - Including them in the **PQQ** and **specifications**.
 - Using them in the **Award process**.
 - Designing them in such a way that they are **verifiable**.

Emerging case law establishes that contracting authorities are entitled to include environmental (and, by implication, social) considerations in their award criteria and that these need not be purely economic in nature. However, they must:

- Be linked to the **subject matter** of the contract.
- **Not** confer an unrestricted freedom of choice on the authority.
- Be **expressly mentioned** in the contract documents or tender notice; and
- Comply with all the fundamental principles of EU community law, in particular the principle of non-discrimination.

3.0 ROUNDTABLE WORKSHOPS

We split the meeting up into roundtable workshop groups and asked participants to consider three questions:

- Does social value mean something particular for a city like Birmingham?
- What are the implications of social value and its implementation?

- What help/support will be most useful to BCC over the next nine months or so in implementing the legislation and embedding social value principles?

The following is a summary of key points.

Does social value mean something particular for a city like Birmingham?

- 1) Are we wrong in trying to conceive of social value on a city-wide scale – perhaps we should be thinking of social value outcomes on a locality basis where there may be differences depending on local priorities.
- 2) The Act offers an opportunity to expand on the “building blocks” already in place – incorporating social value fully into procurement, even using a targeting strategy in evaluation of tenders.
- 3) There is already a culture change underway in terms of social value in Birmingham – much that can be built on: Birmingham Energy Savers, Buy for Good, the new library, Procurement for Skills & Jobs framework, the Leader’s Statement, SMEs already using Find it in Birmingham to access partnerships and supply chain opportunities which include social enterprises and third sector.
- 4) Successful social value-based procurement is likely to revolve around long-term relationships with providers.
- 5) Co-production is vital to social value-based commissioning – we need people to play an active role in improving their own outcomes.

What are the implications of social value and its implementation?

- 1) Co-design of services to reflect local/community priorities and key social value outcomes emerged as a high-profile issue – how will we accommodate high levels of community engagement when resources to do this have disappeared and community capacity may also be an issue?
- 2) How will providers evidence the social value outcomes they have achieved – any methods for doing this have to be proportionate and achievable *within the timescales of the contract*.
- 3) How will we choose between competing social value outcomes in cases where a contract could have multiple social value outcomes (e.g. a catering/café service: local jobs, nutrition/wellbeing, lower carbon footprint, reduced food miles).
- 4) There are issues of practicality – e.g. conflicting levels of procurement, from the micro (individual, personalised budgets) to very large corporate

contracts. Different approaches are needed for these very different levels of contracting. We would also want to apply social value to small contracts below OJEU thresholds.

- 5) There needs to be something like a "social value TUPE" process to transfer responsibilities for social value from one organisation to the next (e.g. in sub-contracting and supply-chain management, for example) and to clarify where social value responsibility lies (i.e. with the customer, Birmingham City Council, or the provider?).
- 6) While the seven principles of Birmingham's social inclusion process offer the basis for a strategic context there will be a challenge in establishing a legitimate, measurable link between these and some procurement specifications – for example, homelessness.

What help/support will be most useful to BCC over the next nine months or so in implementing the legislation and embedding social value principles?

- 1) We need a social value framework of some description that will help us 'do' social value-based procurement consistently.
- 2) If a social value framework is used only to interrogate contract specifications then it is happening much too late in the process – we need a step-change at the pre-procurement stage.
- 3) Time is needed to think this through. Further work is needed – cost implications? Some definitions regarding social value outcomes may come from the Social Inclusion Challenge Unit and from the Business Charter for Social Responsibility but how do we translate these into measurable social value outcomes in contracts?
- 4) Is there a "brokerage" role to be played in identifying social value outcomes? For example, in terms of service co-design, will the local authority attempt to manage numerous relationships with Birmingham communities in consulting on social value outcomes, or would it be easier and more cost-effective to go through some kind of "broker"?
- 5) We need a framework, especially to support measurement – what resources are going to be allocated to this and from where? Can evidencing social value be built into contract costs?
- 6) How to embed social value within and across BCC Directorates will be key:
 - Measurement
 - Verification
 - Recognition

4.0 SUMMARY & CONCLUSIONS

- 1) The Public Services (Social Value) Act 2012 is seen by Birmingham City Council as confirming a direction of travel that the authority has been embarked on for some considerable time.

The legislation has the potential to transform procurement and it is likely BCC will want to use it as widely as possible – i.e. including smaller contracts below the OJEU thresholds of £173,934 for local authority contracts (and £113,057 for NHS contracts).

- 2) Existing key policy drivers, such as the Birmingham Business Charter for Social Responsibility, the Procurement Framework for Jobs & Skills, and the social inclusion and equality green paper *Giving Hope, Changing Lives*, already offer a strategic context for social value.

Much work remains to be done, however, in translating this into specific, verifiable social value outcomes.

- 3) Imminent commissioning opportunities that offer the potential for real-time practical testing of social value were highlighted by several participants:

- Birmingham Energy Savers contracts, c.£30m of which are to be let through social enterprises and third sector providers.
- The forthcoming commissioning of c.£35m of Supporting People contracts from July 2013 – this may also offer significant co-design and user engagement lessons.

BSSEC will investigate these with immediate effect.

Other current initiatives which may offer practical social value lessons were also identified:

- The new Birmingham library.
- Carillion's role in Birmingham Energy Savers contracts, as part of which Carillion was required to develop a social value clause.
- The Digbeth Trust's contract management/co-ordination of BCC luncheon club and day centre contracts, under which the Trust is seeking to widen the wellbeing and other social value outcomes achieved by these providers.

These too will be followed up immediately as part of the project's work.

- 4) There are key issues in how providers will evidence and demonstrate these social value outcomes in a way that is meaningful and verifiable, yet proportionate, cost effective and 'do-able'.
- 5) Thought also needs to be given to where responsibility for verifiability lies – i.e. does it lie with the local authority or with the provider? Is it a cost/responsibility that can be built into contract specifications and values?

4.1 Next Steps

BCC needs to develop and adopt a Social Value Policy quickly and ideally the authority wants this in place before the Business Charter for Social Responsibility is adopted so that the Charter is within the context of a broader policy. Political commitments have been made to adopt the Charter in the next few months and with Cabinet reporting timescales this means a Social Value Policy is needed almost straight away.

BCC would like this to be a part of the output of the work BSSEC is helping BCC with and we have agreed to work on this as a matter of urgency with Neil Hopkins, Head of Strategy and Performance (Procurement), and other key stakeholders as identified by him. Working jointly on such a key document as Birmingham City Council's social value policy will also be helpful in thinking through and testing some of the process issues identified during discussions at this event.

We would also like to thank the following attendees at the event who offered to be part of an ongoing working group on social value:

Andy Barnes	BCC Employment Services
Graham Beaumont	CEO Health Exchange
Carol Burt	NHS West Midlands
Stuart Evans	BCC Legal & Democratic Services
Simon Fenton	BCC Adults Commissioning
Kalvinder Kohli	Senior Service Manager – BCC Policy and Commissioning
Anne-Marie Powell	BCC Supporting People
Neil Hopkins	BCC Head of Procurement & Performance
Jenny Howarth	Buy for Good
Emily Davies	Amey – Sustainability

Drafts of the social value policy, as well as subsequent tools and frameworks developed as part of the project, will be 'tested' with this group. We also propose using the wider attendance list of this event as a periodic sounding board. Comments, suggestions and observations are also welcome from any other readers of the materials we produce as they will be widely circulated and we are aware that there is growing interest in social value and its implications amongst not just social enterprises but the wider third sector too.

Email alun@bssec.org.uk

Alun Severn
Sarah Crawley
Tony Clabby

January 2013

APPENDIX 1 – Attendees

Dave Allport BCC Birmingham Energy Savers
Catherine Barclay BCC Procurement
Rob Barker BCC Legal Services
Andy Barnes BCC Employment Services
Graham Beaumont CEO Health Exchange
Lenny Beaumont Head of Partnerships - Princes Trust
Val Birchall BCC Development and Culture (Culture)
John Blakemore BCC Highways
Carol Burt NHS West Midlands
Tony Clabby BSSEC Co-chair
Cllr John Cotton BCC Cabinet member for social cohesion and equality
Sarah Crawley BSSEC Co-chair
Robert Cummins BCC Procurement
Emily Davies Amey – Sustainability
Zoe Durrant BCC Procurement
Rachel Egan Assistant Director - Commissioning & Performance CYPF
Stuart Evans BCC Legal & Democratic Services
Steve Farr BCC Employment Action Team
Simon Fenton BCC Adults Commissioning
Jennet Hartrick BCC Adults Commissioning
Neil Hopkins BCC Head of Procurement & Performance
Jenny Howarth Buy for Good
Kevin Hubery BCC Corporate Policy & Performance
Angela Huggins BCC Social Cohesion & Equalities
John Jamieson BCC Assistant Director – Housing
Nigel Kletz BCC Corporate Procurement Services – Assistant Director
Kalvinder Kohli Senior Service Manager – BCC Policy and Commissioning
Gayle Monk Anthony Collins Solicitors
Jackie Mould BCC - Be Bham
Richard Paige Acivico
Clare Payne Barrow Cadbury Trust
Anne-Marie Powell BCC Supporting People
Steph Prutton BCC Communities (social care) and special projects
Martin Rinvolucri Carillion
Cassie Sadler BCC employment Action Team
Alun Severn BSSEC secretariat
Charlie Short BCC Corporate Procurement Services - Professional Services
Cllr Stewart Stacey BCC Cabinet member for Commissioning, Contracting & Improvement
Roy Wallington Carillion - Relationship Director
John Wynn BCC Legal Services