

ANNEX B: Analysis relating to multipliers in the ECC process

As part of the '2 Years On' review designed to identify opportunities to simplify and improve processes (for both bidders and staff), we reviewed the option to remove multipliers from the evaluation process. To assess this option, 3 questions were posed:

- 1. Are multipliers still needed to elevate the ECC priority measures above others?**
- 2. Is there an imbalance between the measures relating to ECC priorities to which the application of multipliers is required? E.g. are Jobs and Skills priority measures valued significantly higher than Environment or Young People priority measures?**
- 3. What would the impact be of removing multipliers from the ECC Social Value evaluation process?**

We reviewed 46 SV bid documents from 34 procurement projects for contracts awarded using an ECCTOMs Calculator since September 2021.

We found that:

- social value was not the deciding factor in the outcome of any of the procurements
- Multipliers did not change the result

1.1.1. Question 1: Are multipliers still needed to elevate the ECC priority measures above others?

Of the 19 Priority Measures, 11 are employment-related. When we compare employment and skills-related measures to equivalent 'non-priority' measures, we see that typically (but not in 100% of cases), they already have higher values, thereby generally negating the need for a multiplier. For example, if we compare staff volunteering hours:

| Category | Measure | Units of Measure | Proxy Value |
|-------------------|---|------------------------------|--------------------|
| Non-priority | ECC30: Number of voluntary hours donated to support VCSEs (excludes expert business advice) | No. staff volunteering hours | £16.83 |
| Non-priority | ECC39: Provision of expert business advice to VCSEs and SMEs (e.g. financial advice / legal advice / HR advice / HSE) | No. staff expert hours | £101.00 |
| Jobs (Priority) | ECC1: No. of local people (FTE) hired or retained on contract for one year or the whole duration of the contract, whichever is shorter. | No. people FTE | £32,240 |
| Skills (Priority) | ECC9: No. of training opportunities on contract | No. weeks | £317.82 |

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| | (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+ | | |
| Young people (Priority) | ECC16: No. of hours dedicated to support young people into work (e.g. CV advice, mock interviews, careers guidance) - (under 24 y.o.) | No. hours * no. attendees | £105.58 |
| Environment (Priority) | ECC22: Savings from renewable energy measures in CO2e emissions | Tonnes CO2e | £244.63 |

1.1.2. **Question 2: Are we valuing ECC Priorities equally?**

Although we were able to compare the proxy values between different types of volunteering hours to compare priority measures against non-priorities, it was not possible to compare measures within the priority list as effectively because:

- Units of measure across the range of the social value priorities are varied - for example, tonnes of CO2 versus weeks of apprenticeship training.
- The scale of values bid against each measure can vary significantly (for example number of staff compared to hours of training)
- Some markets conditions will be suited to offering jobs and skills, whereas others will suit environmental measures.

Therefore, we are unable at this point to conclude that removing multipliers would either positively or negatively impact the balance between the priority measures.

1.1.3. **Question 3: What would be the impact of removing the multiplier?**

We reviewed Social Value bid documents from procurement projects for contracts awarded using an ECCTOMs Calculator since September 2021 (**please see Appendix B for the report**).

Based on the 37 decision documents we reviewed, we found that:

- In all but one project, SV was NOT the deciding factor
- We found one project where SV did make a difference to the final score; the winning bid was 1.7% higher in price than the next bidder (i.e. quality and price scores were very close) and the value of the SV committed was £680k.
- We found no other evidence that SV increased costs
- Multipliers did not change the result

In addition, removing the multiplier from the Social Value evaluation methodology would have the following positive effects:

- Realignment of proxy values to the standard National Social Value Taskforce methodology, making it simpler for ECC in the future to maintain its social value processes, when the temporary social value team is scaled back as planned.
- Bidders would be more familiar with the process and potentially require less time to reconsider where they place the focus of their bids for ECC.
- ECC would not have to consider the impact of a multiplier on the bidding process each time the National Social Value Taskforce changes a proxy value significantly, as it did for tonnes of CO2.

Findings:

Distribution of Social Value Commitments across ECC measures

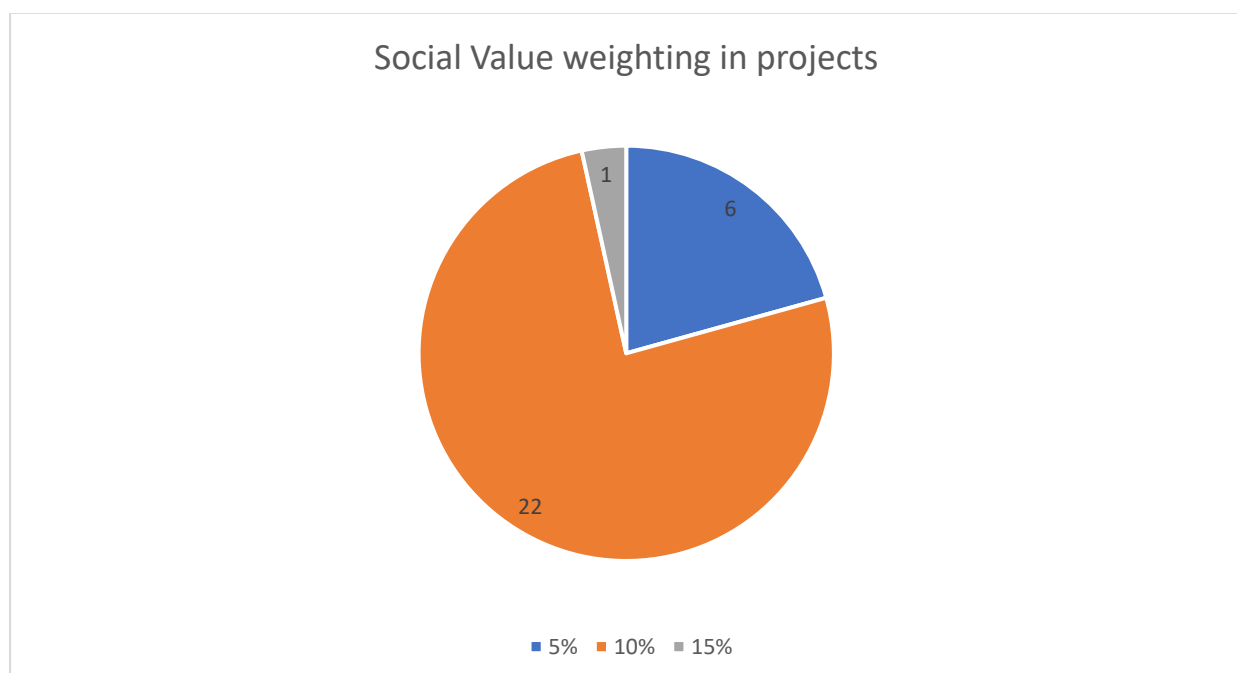
A review of the Social Value Commitments data from all ECC tenders, as reported in the Social Value Power Bi report (15.11.22), showed that, aside from commitments to local spend (ECC11 and ECC12), the most common measures for bidders to make commitments against were the Employment measures ECC1-ECC8 – these are the priority measures with the highest proxy value.

Out of all the Social Value commitments, ‘Enabling Inclusive Economic Growth’ is the area with the highest value of commitments, with Social Value Impacts relating to Employment and Skills making up over 88% of the total value of commitments.

Measures relating to local spend (ECC11 and ECC12) make up just under 50% of the total Social Value commitments.

Social Value Weighting in Projects

The Weighting given to Social Value in the procurement ranged from 5% to 15%, with most projects including a weighting of 10%.



Social Value was not a factor in the outcome of tender outcome

The overall margin between the winning bidder and the bidder who came second was reviewed and compared to the weighting given to Social Value to understand how the Social Value weighting impacted the overall tender outcome. Of the projects reviewed (many of which were Framework awards / establishment) there was only 1 project where the overall winning margin was less than the Social Value weighting.

Social Value Equivalent pence in £ - when multipliers included in Calculators

The ECC Social Value methodology includes the assignment of a Social Value Ratio based on the bidders tendered price and their Social Value commitment; based on a standardised target of £0.50 in every £1 of the tendered price.

For each procurement exercise with a value of £100K or more, consideration is given to the relevance of the ECC TOMs measures in relation to the subject matter of the procurement; where there are any adjustments to the measures included, a proportionate adjustment to the target is also made on a project-specific basis, thereby maintaining the efficacy of the scoring methodology.

In a review of 18 procurement projects, the Social Value committed could be compared to the overall tendered price to calculate the Social Value Ratio of pence in the pound (relative Social Value compared to tendered price). To understand the impact of the multiplier in these procurement projects, the Social Value TOMs Calculators were reviewed and the multiplier of 3 removed.

- When the multiplier was removed from the evaluation the average amount of social value was £0.41 in every £1 tendered price.

Based on the winner's margin in the overall score, taking the multiplier out of the evaluation for these projects the Social Value element of evaluation (with or without the multiplier) did not have an impact on the overall outcome of any of the tenders, even in one case where the winning margin was just 1%, because there was a similar reduction (through removing the multipliers) in the total Social Value offered for both the winning bidder and the bidder that came second.

Table 1: Social Value Proxy Values – amendments by National Social Value Taskforce 2022 – comparison with ECCTOMs Proxy Values for Priority measures

| Outcomes | ECC Ref | Measures | Units | 2022 Proxy Value | % Increase from Previous Proxy Value |
|--|---------|--|----------------|------------------|--------------------------------------|
| Increase sustainable employment within Essex | ECC 1 | No. of local people (FTE) hired or retained on contract for one year or the whole duration of the contract, whichever is shorter. | no. people FTE | £32,240.00 | +13% |
| | ECC 3a | No. of armed forces veterans employees (FTE) hired on the contract as a result of a recruitment programme who are long term unemployed (unemployed for a year or longer) and are facing specific barriers to transitioning to civilian employment that do not qualify them as disabled (e.g. long term service). | no. people FTE | £20,429.00 | +35% |

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| | ECC 3b | Signature of the Armed Forces Covenant with written pledges. | text | £0.00 | NA |
| | ECC 4 | No. of employees (FTE) taken on who are not in employment, education, or training (NEETs) | no. people FTE | £15,382.90 | +20% |
| | ECC 6 | No. of jobs (FTE) created for people with disabilities (physical disability, learning disability and/or mental health issues) | no. people FTE | £16,605.00 | +25% |
| | ECC 7 | No. of employees taken on who are care leavers | no. people FTE | £15,382.90 | +20% |
| | ECC 8 | No. of hours dedicated to supporting unemployed people into work by providing career mentoring, including mock interviews, CV advice, and careers guidance - Aged Over 24 | no. hrs*no. attendees | £105.58 | +5% |
| Increase the skills of people within Essex | ECC 9 | 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+ | no.weeks | £317.82 | +29% |
| | ECC 10 | 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+ | no.weeks | £215.79 | +22% |
| Improve opportunities for young people in Essex | ECC 16 | No. of hours dedicated to support young people into work (e.g. CV advice, mock interviews, careers guidance) - (under 24 y.o.) | no. hrs*no. attendees | £105.58 | +5% |
| | ECC 17 | No. of weeks spent on meaningful work placements or pre-employment course; 1-6 weeks student placements (unpaid) | no.weeks | £194.50 | +31% |
| | ECC 18 | Meaningful work placements that pay Minimum or National Living wage according to eligibility - 6 weeks or more (internships) | no.weeks | £194.50 | +31% |
| | ECC 19 | Local school and college visits e.g. delivering careers talks, curriculum support, literacy support, safety talks (No. hours, includes preparation time) | no. staff hours | £16.93 | +14% |
| Improve the environment in Essex | ECC 21 | Savings in CO2e emissions on contract not from transport (specify how these are to be achieved). | tonnes CO2e | £244.63 | +265% |
| | ECC 22 | Savings from renewable energy measures in CO2e emissions | tonnes CO2e | £244.63 | +265% |

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|--|--------|---|------------------------------|--------|-------|
| | ECC 23 | Car miles saved on the project (e.g. cycle to work programmes, public transport or car pooling programmes, etc.) | miles saved | £0.06 | +261% |
| | ECC 24 | Number of low or no emission staff vehicles included on project (miles driven) | miles driven | £0.03 | +297% |
| | ECC 25 | Voluntary time dedicated to the creation or management of green infrastructure, to increase biodiversity, or to keep green spaces clean | no. staff volunteering hours | £16.93 | +14% |
| | ECC 26 | Initiatives undertaken to support the reduction of single use plastics | text | £0.00 | NA |