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Developments in Social Value and Procurement

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Lots of new policy re the delivery of social value:

- England: PPN 06/20: “Taking Account of Social Value in the Award of Central Government Contracts” (Sept 2020 supplemented in Nov 2020)
- Wales: WPPN 01/20: “Social value clauses/community benefits through public procurement” (Nov 2020)
- Scotland: SPPN 10/20: Measuring social impact in public procurement (Dec 2020)
- NB: England PPN 11/20: “Reserving Below Threshold Procurements” (Dec 2020)

England: New Social Value Model

- New model launched to deliver social value through central government commercial activities
- SV should now be explicitly evaluated in all central government procurement (rather than “considered”)
 - Application of model is mandatory for central govt.
 - Requirements must be related and proportionate to the subject-matter of the contract
 - Applied to all new procurements from 1/1/21
 - Minimum 10% to be applied so that it is a differentiating factor (subject to caveats)
- Applies to central government departments, their executive agencies and Non Departmental Public Bodies (“in-scope organisations”)
- NB: areas of focus for social value delivery in central government departments
- Aligns with UN Sustainable Development Goals

Current position:

- *“Government has a huge opportunity and responsibility to maximise benefits effectively and comprehensively through its commercial activity... it cannot afford not to... a missed opportunity to deliver social value may lead to costs that the taxpayer has to absorb elsewhere through public procurement”.*

PPN 06/20 (30 November 2020)

Current regime: PPN 06/20

- Menu of 5 themes/8 policy outcomes to select from – relevant and proportionate to the procurement:
 - **Theme 1 – Covid-19 recovery**
 - Help local communities to manage and recover from the impact of Covid-19
 - **Theme 2 – tackling economic inequality**
 - Create new businesses, new jobs and new skills
 - Increase supply chain resilience and capacity
 - **Theme 3 – fighting climate change**
 - Effective stewardship of the environment
 - **Theme 4 – equal opportunity**
 - Reduce the disability employment gap
 - Tackle workforce inequality
 - **Theme 5 – wellbeing**
 - Improve health and wellbeing
 - Improve community cohesion

Social Value Model – key points

- Golden Thread from strategy and business case to procurement specifications and to contract management
- Provides model award criteria, sub-criteria, evaluation questions and reporting metrics.
- Presumption of relevance/wide discretion to include
- Copy out approach to Model Award Criteria, Model Evaluation Question etc.: adjustments can be made if appropriate, to ensure relevance to the subject-matter, respond to intelligence gained through PME, ensure compliance with Treaty principles; satisfy objectives.
- *“this consistency means the process for defining social value will be standardised”*

Social Value Model – key points (2)

- Score (0-4), MLAP or pass/fail
- Mandated 10% minimum weighting for SV: unless PTE has shown that market maturity means that 10% SV would significantly reduce competition
- Contract management via SV KPIs every 3 months or 6 months/annually if more appropriate
- If contract is a Government “Most Important Contract” must report on SV KPIs on a quarterly basis

Some tentative conclusions

- Tick-box mentality?
 - “*Designed to be ready to use with little or no modification*”
 - Social Value as a “differentiator”?
 - 0-4 scoring (only 4 if the answer “exceeds”)
 - model answers/questions etc
 - Is this an ambitious agenda?
 - Social value vs good employment practice
 - “*inclusive and accessible recruitment practices and retention-focussed activities*”
 - Reporting metrics: outputs not outcomes
 - “number of FTE disabled people”
 - “Total percentage of all companies”
 - “Number of people-hours”
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Some tentative conclusions (2)

- There are limited flexibilities:
 - Additional policy outcomes can be developed and used – not alternatives
 - Evaluation criteria can be adjusted to relate to a specific geographical location
- Reporting metrics are required to feedback to Cabinet Office/GCF: to what end?
- PPN still talks about “additional social benefits” and “broadening the benefits”
- No guidance as to how to price the social value outcomes or include a SV price as an award criterion
- *NB: central government public procurement only*

Scotland's approach....

- “Sustainable procurement duty” pursuant to the Procurement Reform (Scotland) Act 2014
 - the Scottish Government does not endorse monetary gauges to measure social impact in procurement as part of the procurement process;
 - social impact is not fixed or easily transferable. Impact arises from the interaction between supply and demand, and therefore will be specific to the **individual, community, and place**. Public bodies must engage with communities who have an interest in the contract to get the best possible outcome;
 - care should be taken to ensure that impact measurements do not create a barrier to businesses;
 - success in contributing to Scotland's purpose is measured in terms of **outcomes**. These outcomes align to the National Performance Framework and the UN Sustainable Development Goals; and
 - this approach complements procurement principles of **relevance** and proportionality and Scottish legislation to rule out price only or cost only as the sole award criteria for public contracts.

Green Paper, “Transforming Public Procurement”

- Social value weaved through the Green Paper proposals:
 - National Procurement Policy Statement
 - New principle of procurement: “public good”
 - Procurement should support the delivery of strategic national priorities including economic, social, ethical, environmental and public safety
 - Change of MEAT to MAT
- See also Construction Playbook:
 - Reference to “Value Toolkit”
 - Value-based decision-making tool

Final thoughts

- Social value is firmly part of the current procurement landscape, but its inclusion remains inconsistent given:
 - (historic) restrictive procurement law
 - Assumed complexity of measuring social value
 - Bidders' (and clients') concerns over additional costs in delivering social value initiatives
 - Knowing what to ask for and specifying proportionate levels or types of social value outcome
- Standardisation risks hindering the dynamism and development of SV “asks” that reflects the needs of individuals and communities
- A more permissive regime can assist in the clear definition/articulation/measurement of SV on a place-based basis and help the client focus on impact rather than output
- This will then drive forward the SV agenda and ensure it remains ambitious, relevant and impactful

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