

**MAKING SOCIAL VALUE
IN PROCUREMENT
SUCCESSFUL: CAN A
SOCIAL VALUE DIVIDEND
HELP THE PUBLIC PURSE
INVEST FOR A BETTER
FUTURE?**

**DOWNING
STREET SW1**

CITY OF WESTMINSTER



Public Sector

NEW GOVERNMENT PROCUREMENT MODEL

THE NEW MODEL FOR GOVERNMENT PROCUREMENT PROMISES TO HELP THE NATION 'BUILD BACK BETTER', BUT DELIVERING ON ITS FULL POTENTIAL WILL REQUIRE A SHIFT IN MINDSET FROM SERVICE BUYERS AND PROCUREMENT TEAMS.

Whether it's opting for a green energy tariff or making sure the fish we buy is from sustainable sources, consumers increasingly use their spending power as a force for good. The same should apply to the near £300bn spent each year by the UK public sector on goods and services.

As part of the focus on building back better after the pandemic, the Government has cemented a new tool to leverage the huge public purse to deliver impact across society and help tackle the climate and environmental crises.

While ensuring value for money remains the priority in central government procurement, from January all new procurements covered by the Public Contracts Regulations (2015) also have to explicitly evaluate the 'social value' of bids rather than just "consider it" which has been the case since the Public Services (Social Value) Act 2012 was introduced.

As part of the evaluation of bids government departments must now use the social value in procurement model to assess and score a supplier's social impact. That can include helping with the recovery from Covid-19, providing local jobs, environmental good practice, tackling workforce inequality and promoting health and wellbeing - a broad range of areas which provides some flexibility to procurement teams.

SOCIAL VALUE WILL ACCOUNT FOR A MINIMUM OF 10% IN THE OVERALL SCORE

LEVELLING THE FIELD

Social value will account for a minimum of 10% in the overall score and the approach will apply tests that the Government says all bidders, including SMEs, social enterprises and charities, will be capable of meeting.

Given that central government alone spends some £49bn each year on contracts for public services, there's a significant opportunity to deliver meaningful improvements from this change.

The argument made is that this could even widen the pool of contract bidders, as small bidders can highlight the direct added value they can generate in the communities they work in.

CHALLENGES FOR PROCUREMENT TEAMS

However, achieving this change represents challenges for procurement teams. Some will have significant experience in defining and assessing social value in tenders, but for many it will be new territory.

The practicalities of quantifying and assessing what social value is means there will inevitably be a process of learning and understanding needed to ensure organisations get the most from this new model.

From Gemserv's experience of supporting public sector organisations with their procurements, we know asking the right questions of bidders and assessing their answers consistently is crucial to ensuring procurement delivers best value across all measures. Transparency also plays a key part in ensuring bidders understand what is required, and it will be key for procurement teams to provide bidders with clarity when applying social value metrics.

With a wide range of metrics to consider we think some will be easier to assess than others. Carbon performance is a pretty straight-forward area to examine with well-established metrics and reporting protocols. But to properly assess a bidder's wider environmental performance, and filter out so-called 'greenwashing', expertise is needed in areas such as assessing environmental impacts across complex supply chains. Measuring impact on wellbeing and other social value contributions is similarly fraught with challenges.

Although a key aim of the new model is to open up contract opportunities to a wider pool of businesses and bring more innovation to public service delivery, procurement teams will need to consider the fact that larger companies are likely to have much greater resources on hand to demonstrate social value than smaller firms.

PROFIT WITH PURPOSE

The change does represent an opportunity for businesses to benefit from valuable government contracts, and comes at a time when many in the private sector are increasingly looking to become more impact-driven with profit and purpose going hand in hand rather than being seen as a trade-off. This is in face of huge societal and environmental challenges, and it is right - indeed a moral obligation - that businesses should play their part, and reap the rewards of doing so.

That trend is highlighted by initiatives such as B Corp, an accreditation scheme for businesses which meet the highest standards of social and environmental performance, public transparency, and legal accountability.

The accreditation process is very rigorous - something which Gemserv can testify to as we are currently on the journey ourselves. For businesses looking to demonstrate social value, examination of their performance across everything from supply chains to employee relations is a valuable process to go through in itself. For those who do achieve accreditation, it should also help with highlighting their social value contribution to potential customers and other stakeholders. Indeed, procurement teams could start to use accreditations such as B Corp to enable bidders to demonstrate their social value credentials.

It's still very much early days for the new social value model and it will take time for procurement teams to adjust to what is quite a significant change when their resources are already stretched due to the pandemic.

HOWEVER, WITH THE RIGHT APPROACH IT PRESENTS AN EXCITING OPPORTUNITY TO DELIVER MEANINGFUL CHANGE WHICH CAN BENEFIT EVERY CORNER OF SOCIETY.

CENTRAL GOVERNMENT ALONE SPENDS SOME £49BN EACH YEAR ON CONTRACTS FOR PUBLIC SERVICES





Gemserve

MAKING THINGS THAT MATTER WORK BETTER FOR EVERYONE