



Social Value Put Simply

An introduction to Social Value in UK government contracting

Introduction

What is Social Value?

In its simplest form, social value is the concept of doing good through business practices. It is variously referred to as an element of Environmental, Social and Governance (ESG), Corporate Social Responsibility (CSR), Social Sustainability and Community Engagement.

In the context of this document, it is the **methodology** used by UK government to maximise the social impact of its spending power. Social value legislation and guidance has been developed to enable public procurers to evaluate and enact social value within contracting agreements. It is important for businesses to understand this process and respond appropriately.



Related concepts

Social value is not to be confused with CSR, ESG, Social Sustainability or even Social Innovation. While all these practices can deliver social impact, and are closely related to social value, recognition is needed that social value is a specific methodology underpinned by government legislative requirement and, as such, is a process which can be 'learned'. The concepts outlined below are frequently referenced when considering an organisation's activities to create benefit wider than purely economic impact.

Corporate Social Responsibility

Possibly the most well recognised terminology, CSR tends to be an add on to the business, rather than embedded within operational processes. Traditionally delivered through monetary donation and employee fundraising, CSR remains an important element of business engagement with local communities.

Social Sustainability

The term Social Sustainability is relatively new. It is welcomed as it creates parity of esteem with Environmental Sustainability when considering the 'three-legged stool' of triple bottom line accounting : Economy, Environment and Society.

Environmental, Social and Governance

A term originating in the financial sector, ESG considers an organisations social and environmental behaviours, and the governance arrangements in place to enact these. The term Responsible Investment is strongly aligned with ESG principles, and investment decisions are increasingly based on a companies ESG performance.

Social Innovation

Social innovation refers to the design and implementation of new business solutions (product, service or process) which ultimately aim to improve the welfare and wellbeing of individuals and communities. The term Shared Value is strongly aligned with Social Innovation practices.

Social value legislation

The UK Government Social Value Act

The Public Services (Social Value) Act came into force on 31 January 2013. This Act essentially stated that government should 'consider' the social and environmental good that it could create through its spend power, securing 'wider social, economic and environmental benefits'.

Procurement Policy Notes

September 2020 - Procurement Policy Note 06/20 (PPN06/20)

In 2020, driven by Covid19 and various critical reviews of government spending, a Procurement Policy Note informed central government departments that of the 1st January 2021, they needed to 'explicitly evaluate' social value, applying a minimum evaluation weighting of 10% within any tender above OJEU thresholds. It is estimated that about £49bn annual spend is now 'in scope' of this directive.

June 2021 - National Procurement Policy Statement 05/21

In 2021 all contracting authorities (which basically means the rest of the public sector) were again encouraged to consider embedding social value into contracting. Specific reference was given to 'creating new businesses, new jobs and new skills; tackling climate change and reducing waste, and improving supplier diversity, innovation and resilience.'

The Procurement Act 2023

Starts on 24 February 2025 after a new National Procurement Policy Statement (NPPS) is created. This will make it easier for smaller businesses social enterprises to apply for government contracts and will require buyers to 'maximise public benefit' and set measurable performance metrics.

Although only 'in scope' organisations must explicitly evaluate, many contracting authorities chose to begin their social value journeys in 2013. As a result, we see varied application of the principle across public sector procurement, often causing confusion for organisations seeking to do business within the public sector.

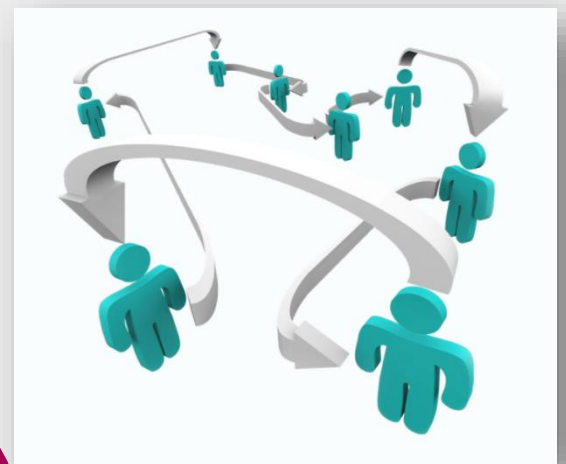
The Social Value Model

To facilitate this 'explicit evaluation' process, procurers in scope of PPN06/20 are to use a new guidance document called the Social Value Model. This document identifies how public commissioners both define and assess social value within contracting. Although essentially a public sector tool, the Social Value Model has become a critical publication for anyone operating within public sector supply chain – whether creating or responding to contract opportunity.

The Social Value Model includes 5 Themes, which form a menu of social value objectives for commissioners to request and evaluate within procurement. The themes are:

- Covid19 recovery
- Tackling economic inequality
- Fighting climate change
- Equal opportunity
- Wellbeing

[Social-Value-Model-Edn-1.1-3-Dec-20.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)



Social value indicators

Social value indicators measure success in delivering social and/or environmental change. There are many and diverse indicator sets, the best known within public sector is Themes, Outcomes and Measures (TOMs) developed by Social Value Portal. Certain sectors have specific datasets, for example Social Housing and Construction.

Some indicators have financial proxy values attached to them. Assigning proxy values is a complex process and is usually calculated against the benefit to society that is caused by creating positive societal change, for example someone no longer claiming unemployment benefit.

The key thing to remember about indicators is that they are simply suggestions for how you might choose to measure your impact. The most important questions to ask yourself are:

'What is the social change (**outcome**) that we want to create?'

'How best can we create that change (i.e. what **action** should we be taking)?'

and,

'What information will show us (**indicate**) that we're creating that change?'

For most organisations, this is a new way of thinking, and it will take time to learn how to assess value in this way.



Summary

We hope this guide has been useful in setting the context for social value and understanding the priorities of government commissioners.

The fundamental thing to remember when applying social value in a tender situation is that activities should be **proportionate and relevant** to contract delivery.

Think about the change that is in your power to create, the actions that will deliver this change and how you will use indicators assess your effectiveness.

The Shared Value Business Ltd is a social value subject matter expert providing the resources and specialist knowledge to help you design and deliver high impact social value that exceeds client expectation.

We support work winning, strategy, evaluation, training, mentoring and delivery.

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