



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:

Following the Act, a number of public procurement directives have outlined how to integrate Social Value into public contracting.

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 over £50bn annual spend is now 'in scope' of this directive.

The Procurement Act 2023 and National Procurement Policy Statement Feb 2025

The NPPS sets out the government's strategic priorities for public procurement. Many are relevant for social value implementation, with key priorities around SME/VCSE spend targets, fair work, the environment and ethical practices.

PPN002 Social Value Model Feb 2025

This revision to the previous SVM document integrates priorities around economic, environmental, crime reduction, reduced inequality and health. Public procurers 'in-scope' of PPN002 should use these themes in the procurement process.

Although only central government departments, executive agencies and non-departmental public bodies must explicitly evaluate, many contracting authorities chose to begin their social value journey 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.

PPN002 Social Value Model

As previously mentioned, this document provides guidance for public commissioners to define and assess social value within the procurement process. 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.

PPN002 Social Value Model includes a number of Outcomes, upon which a tender question will be based. These are:

1. Fair Work
2. Skills for growth
3. Resilient, innovative and flexible supply chains
4. Sustainable procurement practices
5. Support the reduction in crime
6. Employment and training for those who face barriers to employment
7. Creating a pipeline of opportunities for the contract workforce, reducing barriers to entry for under-represented groups.
8. Increasing productivity through physical and mental wellbeing: in the supply chain and communities in the relevant area.

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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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