

**White paper conference:
Attributing cost to social value objectives**

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Introduction



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“Supported by legally robust examples that work, how do you attribute cost to social value objectives such as climate change, population health and wellbeing?”





What I will cover

- Social Value: Background
- Objectives: Linked to subject-matter of the contract
- Outcomes
- Attributing cost – direct outcome
- What does good look like?
- Examples
- Direction of travel



Social Value: Background



- Concept introduced under 'best value' regime by the **Local Government Act 1999**
- **Public Services (Social Value) Act 2012**: positive duty on relevant contracting authorities to consider:
 - how the **economic, environmental and social well-being** of the relevant area may be improved by what is being procured
 - how, in conducting the procurement, they might act with a view to securing that improvement
- **Public Contracts Regulations 2015** expressly incorporate a range of factors beyond price
- Updated definition of most economically advantageous tender ("MEAT") includes reference to 'environmental and social aspects' of the price/quality ratio



Objectives: Linked to subject-matter of contract

- The **Public Contracts Regulations 2015** expressly allow contracting authorities to incorporate social and environmental aspects into specifications, award criteria and contract conditions, where these are:
 - **Linked to the subject-matter of the contract** (i.e. the works, services or supplies being procured)
 - Proportionate to what is being procured or provided
 - Will not result in unequal treatment of bidders
- This could include promoting innovation, employment and social inclusion, protection of the environment, energy efficiency, and combating climate change
- Various tools available to measure social value including balanced scorecards and frameworks such as the Social Value Taskforce's National TOMs (Themes, Outcomes, Measures)



Outcomes: Social

- Resources and interventions targeted to address critical social issues;
- Employing a diverse workforce;
- Establishing relationships with social enterprises / charities for reciprocal benefit;
- Improved labour standards;
- Encouraging wellbeing and mental health.





Outcomes: Economic

- Levelling-up regional unequally developed economies;
- Thought leadership and innovation from suppliers includes macro social, economic and environmental issues;
- Investment for inclusive growth, economic output and improved productivity;
- SME suppliers are supported to bid for work;
- Job creation / employing from disadvantaged groups;
- Opportunities for inward investment are supported.





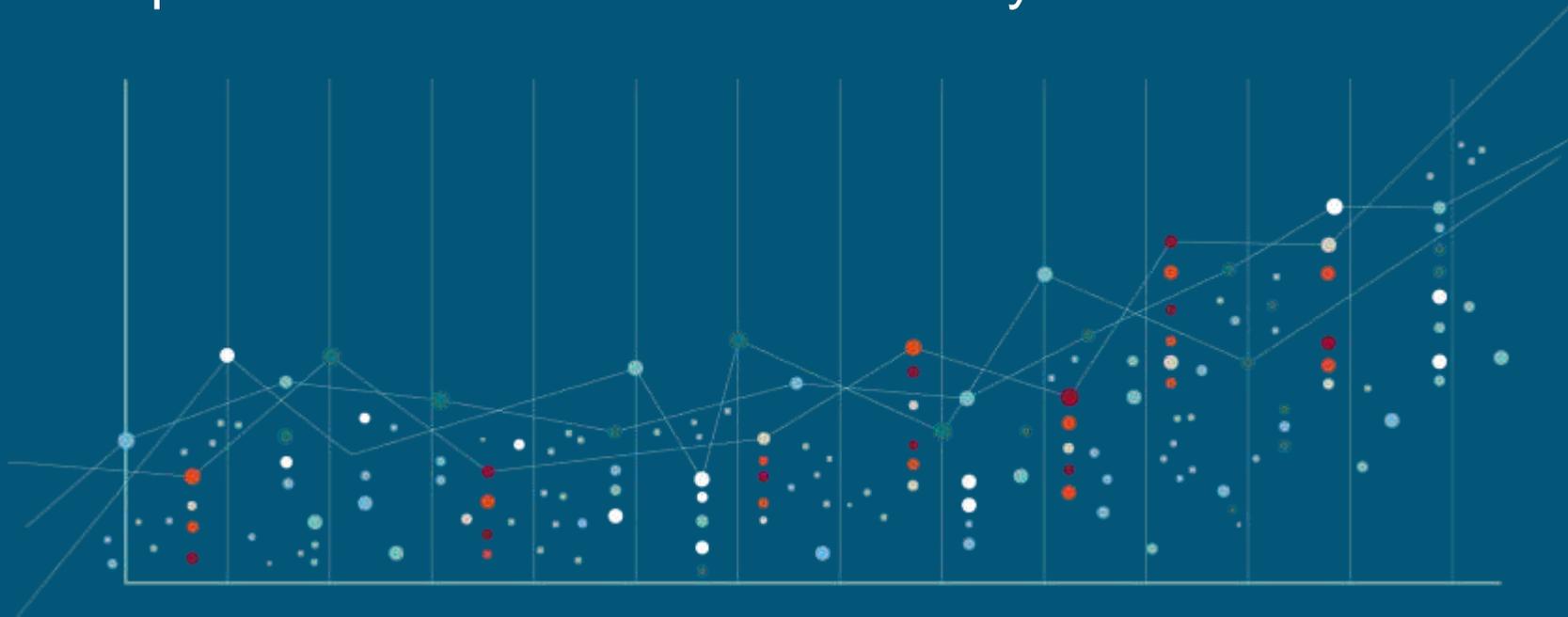
Outcomes: Environmental

- Environmental improvement strategies;
- Reduction in landfill waste;
- Heritage and wildlife protection;
- Nuisance reduction (eg. light, noise, odour, traffic generation).



Attributing cost – direct outcome

- As with service specifications and quality requirements, social value provisions need to be incorporated into the service contract as defined outputs with performance monitoring and assessment methods
- Measures for delivery of outcome against targets must be realistic and verifiable
- Value: equivalent financial value to society





What does good look like?

- **Policy vs strategy:**
Policy on its own is unlikely to lead to improved outcomes. Produce an actionable strategy
- **Define and measure:**
Understand the desired outcomes, measure against a baseline.
- **Accountability and responsibility:**
Shared accountability is equal to no accountability.
- **Relevance:**
Link spend plans to wider holistic deliverables - remove siloed thinking.
- **Value for money:**
Identify who is the ultimate customer- not just person holding the purse strings!



Consult widely

- **Consultation:** Develop specifications through consultation; users, social sector organisations and the supply chain.
- **Work within your target community:**
It is no longer sufficient to send out an advert for a requirement and wait to see what comes back. Engage with target communities to help businesses to respond meaningfully to their requirements.
- **Proportionate, clear, relevant, enforceable criteria:**
Not a box-ticking exercise! Not low priority for measurement and enforcement.
- **Evaluation processes become about determining the best bid, rather than determining who was most able to follow the process.**

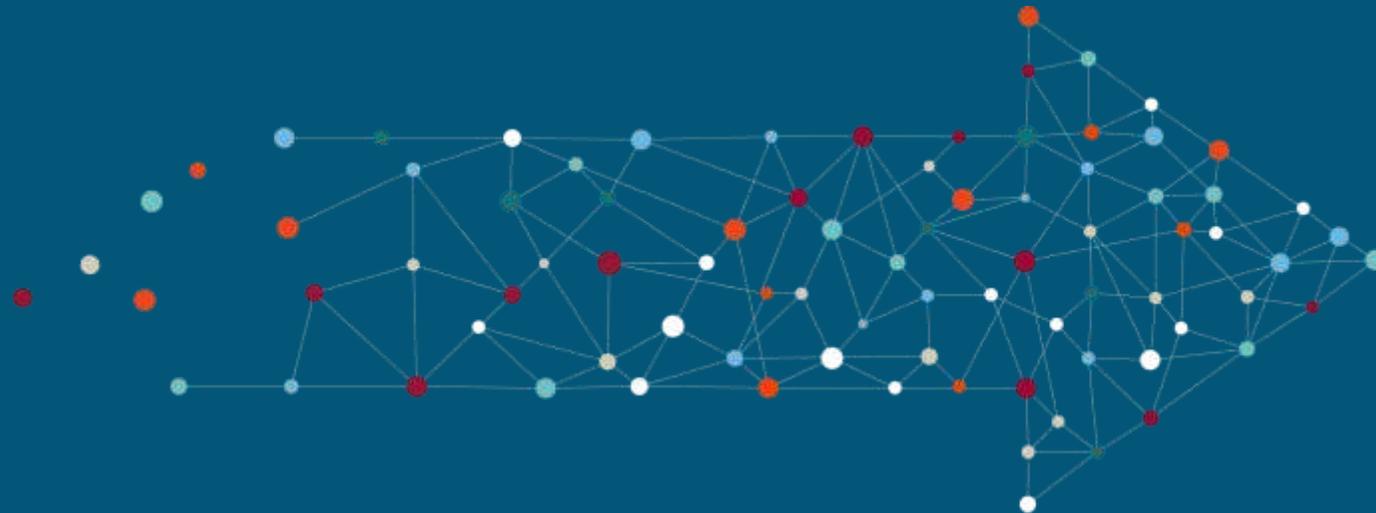


Examples

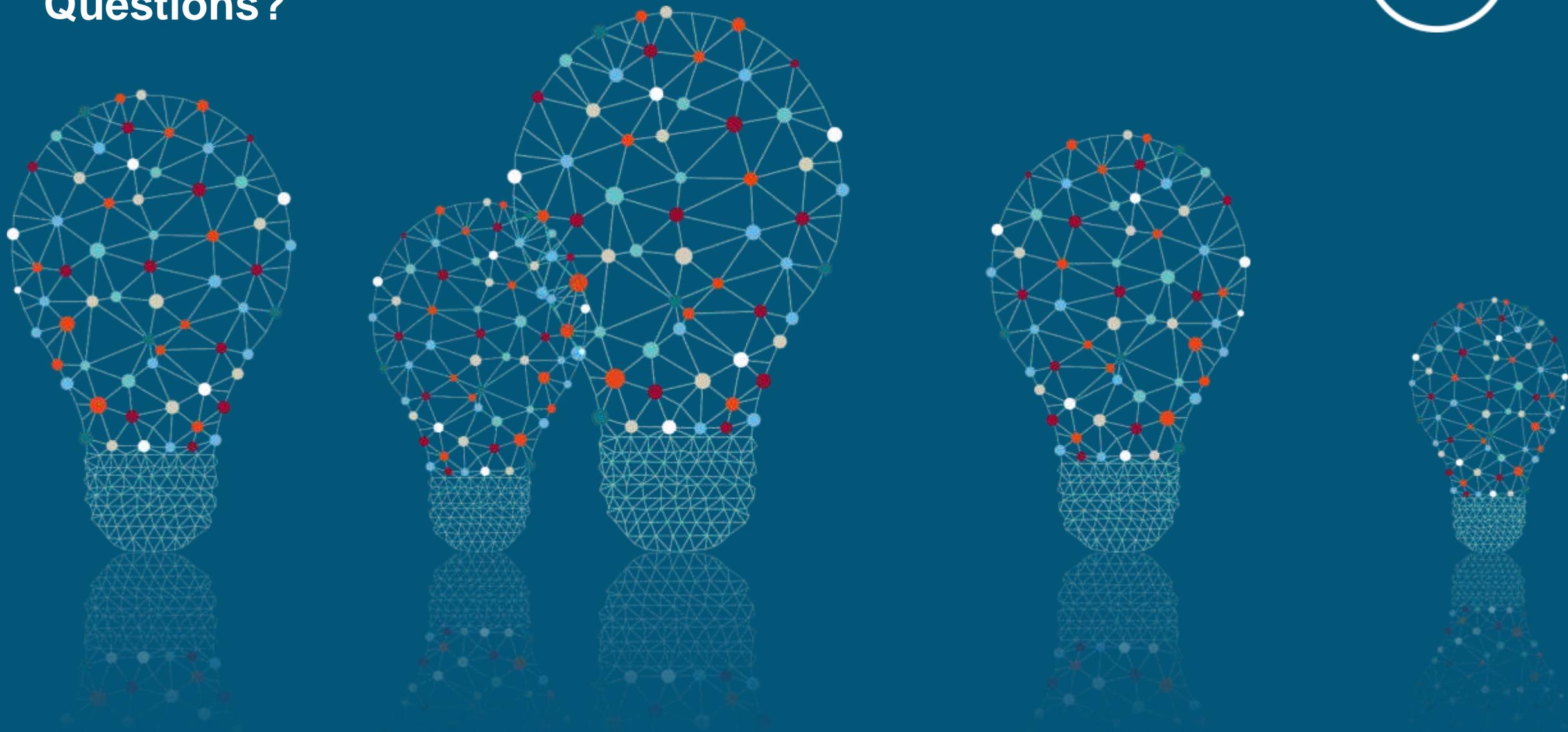
- Example 1:
 - End of project submission showed how social value was delivered on a £100m development
 - Concrete measures included:
 - Environment: total waste diverted from landfill and savings in CO2 emissions
 - Society: number of hours volunteering time provided by staff to local community and contribution to education
- Example 2:
 - Design of the development specifically configured to promote social value
 - Estimated social value add in £ for:
 - Promoting local skills and employment
 - Supporting growth of responsible local business
 - Healthier, safer and more resilient communities
 - Protecting and improving our environment

Direction of travel

- **Consultation:** new social value delivery model for central government buyers comprising a set of high level themes, a set of priority policy outcomes grouped under each theme, standard award criteria and a menu of specific metrics for departments to use in contract management and reporting
- **Post-Brexit:** will the distinction between certain environmental and social conditions in contracts remain? WTO rules



Questions?



Thank you



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