

Social Value2032

Creating a Social Value Economy



Ten years ago, Social Enterprise UK was instrumental in helping me pass the Public Services (Social Value) Act 2012, which places an obligation on public bodies to consider how the services they commission and procure might improve the economic, social and environmental wellbeing of the areas they operate in.

Since then, the Social Value Act has helped to transform the debate around the role of procurement and what can be achieved through public spending. Social value can unlock billions in investment in new low carbon products, creating thousands of employment and training opportunities and generating millions of pounds for reinvestment back into social, environmental and cultural infrastructure for communities.

Social Value 2032: Shaping the Future of Social Value marks the 10th anniversary of the Act and seeks to further expand its impact and influence. The programme considers how social value can expand to cover all public sector procurement and, beyond this, influence the spending of the UK's largest companies.

In this summary paper I outline our collective vision for the 'Social Value Economy' that we believe can be achieved by 2032. The vision has been developed in collaboration with four programme partners – PwC, Siemens, SUEZ recycling and recovery UK and Shaw Trust – organisations at the forefront of thinking about how a broader strategic approach to procurement can generate greater benefit for society. The vision is detailed in full in 'Social Value 2032: Creating a Social Value Economy'.

Professor Chris White, Author of the Social Value Act

Our vision for Social Value in 2032

By 2032 we want to see social value embedded in both the public and private sectors. We have made a start in the 10 years since the Act. In his review of the Act's impact, Lord Young found that 'everywhere it has been implemented it has had a positive impact'. But it isn't implemented everywhere. The Act passed in 2012 was non-compulsory, its scope was limited to England and Wales (though Scotland subsequently introduced its own legislation to similar effect), there was a lack of guidance about how best to implement the Act, and there were (then as now) challenges to measuring its impact. Where it has been used, it has been largely driven by innovative pioneers, rather than systematically applied. It is estimated that it impacts about £20bn of public spending annually - while a substantial amount this nevertheless represents a missed opportunity to have greater impact.

In today's context, however, the need for social value is greater than ever. There is broad recognition that the Levelling Up, Net Zero and social equality agendas are vital for the country. The impact of the pandemic has brought home the importance of our communities, of supporting business and protecting jobs. So the time is right to push for a more holistic adoption of social value across the UK economy.

Realising the vision

Our vision for maximising the impact of social value in 2032 rests on three big goals:

1. Creating systems change, going beyond individual contracts

We need to think of social value not as a tool to use in individual contract negotiations, but as a strategic approach to creating better overall outcomes through procurement.

2. Transformative public services

Social value provides an opportunity to reimagine what can be achieved with the £466bn a year spent on public services in the UK. Public services should not only lead to better outcomes and efficiency, but should drive better health and social outcomes, reduce inequalities and lessen demand for expensive

acute services in the future. By incentivising a focus on prevention, reinvesting savings back into improving local communities and finding better ways to empower staff and local people to take responsibility for improving outcomes, social value can help transform public services.

3. An environmentally sustainable future

Social value means that public bodies should consider not just social outcomes but also environmental and wider economic outcomes. The reason for this is clear: environmental, social and economic outcomes are all interlinked. This is why environmental outcomes must have parity with social and economic outcomes in the future of social value.

Outcomes

By applying social value in these ways, we will unlock opportunities to deliver on a whole range of social and economic outcomes, including:

Net Zero

The UK is committed in law to achieving Net Zero by 2050. Building social value into procurement across the economy means providers of goods and service have to consider the broader economic, social and environmental wellbeing they create.

Levelling Up

Social value, by helping to shape markets and incentivise investment that benefits communities, can play a huge role in helping to 'level up' communities across the UK.

Backing British Businesses

Social value is good for communities but also for the businesses that invest in them. Social enterprises have seen higher growth rates than mainstream businesses. Investing in long-term value creation will make British businesses stronger.

Stronger communities

Social value by reconnecting business with communities and increasing investing in social and civic infrastructure can bring people together.

Leading the global market in measuring social and environmental impact

The UK is a world leader in financial services, but by embedding social value first we can lead the global market in measuring social and environmental impact creating tens of thousands of jobs.

We also have an opportunity to develop a world-leading sector delivering business services to target economic, social and environmental value. The UK is already a global success story for business services - by 2032 we can lead the world in this vital new approach to procurement.

What happens now?

We all have a role to play in making this happen. Social value is an agenda for central government, local government, large businesses, investors, SMEs and social enterprises, and civil society - all must play their part. We will be publishing a roadmap that lays out the policy and practical challenges and opportunities that lie ahead.

**We are embarking on a new phase of the social value journey.
Let's get moving, together.**