

Social value and the Procurement Act – will we finally get better bang for the public buck?

The power of procurement

Our daunting economic context requires a relentless focus on delivering value for every pound of taxpayers' money. How much government spends and who it taxes is a big part of the story. But so too is what it does with existing money, particularly the more than £400 billion spent through public procurement.

Procurement is a vital lever for economic growth, improved public services and stronger communities. Used right, procurement can support a rich ecosystem of social businesses that produce positive spillover effects, delivering social value in every community.

If the government wants to deliver growth that is felt by working people across Britain, then good procurement is key.

**The UK
government
spends £400 billion
through public
procurement
annually.**

**£56 billion has
been lost due to
the potential of
social value not
being fully realised
across public
bodies.**

**If the government
wants to deliver
growth that is felt
by working people
across Britain, then
good procurement
is key.**

A decade of missed opportunity

Social Enterprise UK (SEUK) has spent fifteen years championing social value. We are proud of the part we played in the Social Value Act in 2012. But, as the latest research from our Social Value 2032 programme shows, we have lived through a decade of missed opportunity.

- In focus groups with voluntary, community and social enterprise suppliers (VCSEs), we have heard about **disjointed approaches to defining social value**, suppliers overclaiming and opportunities lost to organisations with no intention of delivering social value and no assurance post-award.
- A freedom of information request to all local authorities found a **confusing patchwork system**, with at least 31 methods of measuring social value and a third of councils lacking a social value policy together.
- Through direct interviews and focus groups with a cross-section of twenty local authorities, we have also heard of growing **capacity constraints**, curtailing commissioning teams' ability to innovate or monitor social value delivery.

The result is that the Social Value Act has too often served to extract modest, unmonitored (and sometimes unfulfilled) concessions in the form of added value, at the expense of mission-based providers with intrinsic social value. Our research estimates £56 billion has been lost due to the potential of social value not being fully realised across public bodies.

Meanwhile, a challenging economic context and fiscal choices – most obviously, the rise in employers' National Insurance contributions – are putting further pressure on public service delivery.

Our Social Value 2032 Partners



Groundwork UK | www.groundwork.org.uk

A start, not the end

The new National Procurement Policy Statement (NPPS), published in February, is a welcome development. It recognises the power of public procurement, the potential of social value, and how social enterprises ‘are more likely to generate diverse and thriving local economies, creating jobs and economic growth.’

The Statement promises a mission-based approach that is ‘more joined up’ and ‘pushes power out to communities’. There is huge potential in taking a mission-based approach, if mission-based organisations like social enterprises – already delivering stronger health outcomes, good work, and stronger communities – are enabled to play their part.

But the Procurement Act and the NPPS need to be the start, not the end of a process. This is a landmark opportunity. We know from experience that change on the scale we need – change carried out day-to-day through thousands of commissioners nationwide – won’t happen following one policy statement. It will require government to drive cultural change over time and give commissioners the tools to realise it.

Towards mission-driven procurement

SEUK will work closely with government and suppliers at all levels to deliver on this promise. This will require using all the levers of the Procurement Act, Social Value Act and NPPS in a holistic way that drives mission-driven procurement. That means:

- 1. MOVING FROM WORDS TO ACTION** – whilst the narrative of the NPPS is compelling, this needs to be translated into tangible, actionable steps for hard-pressed procurement and commissioning teams.
- 2. CHANGING CULTURE** – procurement and commissioning teams have spent decades focusing on the most economically advantageous tender – moving to considering wider value will take considerable time and government focus on all levels.
- 3. CREATING CAPABILITY** – years of austerity have left commercial teams hollowed out. Delivering this effectively will require capacity and capability.
- 4. MONITORING AND LEARNING** – there needs to be transparency on performance and outcomes across commissioning bodies with a clear approach to continuous improvement.

This will demand consistent focus from government. There are no quick fixes. At the heart of government’s commitments should be the focus on maximising spend with VCSEs. Driving this activity across government, monitoring and increasing spend, and driving it through supply chains should be at the heart of mission-driven procurement. Government must also be alert to how policy across a range of areas, whether tax, local government funding or public service reform, can rebound on the VCSE sector.

Over the coming years, SEUK will be taking this work forward, to support the government in delivering on its promise, help commissioners make the right choices for their communities, and unleash the potential of social enterprises. We want to work with our members, partners and anyone committed to making mission-driven procurement a reality.

SEUK will work with government, commissioners, and suppliers to make mission-driven procurement a reality.

1
Move from words to actions

2
Change culture

3
Create capability

4
Monitor and learn