Social Value in Government Procurement: A joint consultation response from the National Council for Voluntary Organisations, Charity Finance Group and Small Charities Coalition

Introduction

The majority of charities and voluntary organisations involved in the delivery of public sector contracts do not have the capacity or scale to bid for or deliver central government contracts. Their relationship is mainly with local commissioners and they are more likely to be impacted by the way in which local commissioning bodies and local government engage with and deliver social value. However, we hope this consultation and the way in which central government engages with social value will set both a precedent and a pathway for the use of social value throughout all of public sector procurement.

We remain positive about the recent steps which government have used to strengthen social value, particularly through the Civil Society Strategy. We welcome this consultation as giving further assurances to the government’s approach in delivering public services that have ‘values at their heart’.

However, this should only be a first step to implementing a different approach to procurement and commissioning. Although positive, the commitments made in this consultation alone would not go far enough. An approach to commissioning and procurement practice that will genuinely benefit from inclusion of social value will be one that integrates social value as a central part of a contract, not seeing it as an add-on. To make the long-term changes that effective implementation of social value has the potential to make, there needs to be a significant culture change across all public bodies commissioning services, not just added expectations on teams of buyers.

The consultation itself could do more to encourage this culture change. For example, despite the move from ‘consider’ to ‘account for’, some of the other language within the consultation document could be more positive about the benefits of considering social value. In particular, the new evaluation model outlines that the chosen policy outcomes should only be selected if they are ‘relevant and proportionate to the subject-matter’ and the departments ‘will not be required to selection any if none are relevant’. Whilst recognising this reflects the language of Public Contract Regulations 2015, this consultation provides an opportunity to be much more positive and encouraging, rather than framing accounting for social value as an additional obligation for departments.

Furthermore, many of the barriers to take up of social value that were identified in Lord Young’s Social Value Act Review 2015 are not addressed, or not fully addressed, in this proposed approach. These include:

- The lack of awareness through central government departments around social value
- Accessing the necessary buy-in from leadership teams
- The understanding of the ‘local area’ in the Act and how this is applied in central government
- The risk that being overly prescriptive about measurement could risk shutting down innovation.

We encourage the government to continue along its path of embedding social value across public sector procurement, and we hope it will keep an open dialogue with VCSE organisations throughout this work.
Question 1: Do you agree with the proposed policy metrics in the model in the attached annex? Do you have examples of such metrics being successfully used in public procurement?

A model designed specifically with the needs of VCSEs organisations in mind would be outcomes-focused, rather than metrics-focused. This would remove many of the barriers of an overly prescriptive measurement approach that we outline in question three, as well as allow for the innate social value that VCSE organisations can deliver to be more easily demonstrated.

Nevertheless were pleased to see that DCMS worked in partnership with the governments Crown Representative for VCSEs to develop this model. We would encourage an ongoing dialogue between government and representatives of VCSE organisations on the proposed policy metrics.

Our understanding of the proposed policy metrics is that they are likely to change with the priorities of different governments, in order to respond to changing or evolving policy issues that could relate back to social value.

With regards to the currently proposed policy metrics:

1. We agree that a consistent approach with which to measure social value is necessary in order to ensure public bodies are accountable in their use of it. As Lord Young’s 2015 review of the Social Value Act noted, measurement of social value needs to be developed and is currently a barrier to further implementation. However, these metrics do not allow organisations the space in which they can demonstrate additional value through their delivery approach which may have not been considered or suggested through any pre-procurement consultation. VCSE organisations often have social value running through much of the core work they do, and an opportunity to demonstrate this is important.

2. A set of policy metrics is not going to create the fundamental changes needed to further embed social value. It is important that all training and support around social value available to procurement teams goes more widely than education on a set of policy metrics. An understanding of the essence and values surrounding social value, and not just a list of considerations, is crucial.

Diverse supply chains:

1. It is important to recognise VCSE organisations are not one homogenous group and that the inclusion of such organisations does not automatically create a diverse supply chain. Particularly if this, or any, evaluation model, is rolled out to local commissioning bodies, the consideration of the different value of different sizes of voluntary organisations needs to be included.

2. To create diverse supply chains it is essential to encourage pre-market engagement, and to involve service users in the development of contracts. Pre-market engagement is important to ensure services are as effective as possible in terms of core value, as well as any added value. We have recognised limited pre-procurement dialogue as a barrier in procurement affecting charities and social enterprises.1

1 Ten procurement barriers affecting charities and social enterprises, NCVO
3. The inclusion of advertising subcontracting opportunities on Contracts Finder and prompt payment through the supply chain are both welcomed. It is important that these are actually measured and that bids that demonstrate a culture and history of inclusive practices for VCSE organisations are given stronger weighting than those making new commitments.

4. We are incredibly positive that user-led and user-owned organisations are included as part of a policy to create more diverse supply chains. Many VCSE organisations are user-led and we’d encourage, as part of this consultation, the government to engage with user-led VCSE organisations from the under-represented groups outlined in the policy outcome. These organisations often face particularly challenging environments in terms of capacity and resources, so additional steps need to be taken in order to engage with such organisations on terms that suit the nature of their work.

Question 2: Do you agree that the proposed minimum 10% weighting for evaluating social value in the bid is appropriate?

As highlighted by BWB in their consultation response, the use of a percentage is not the most helpful way in which to outline how social value should be evaluated. If the aim of the government is to genuinely integrate social value, then it needs to treat social value weighting as part of the core commissioning process, not as an addition.

Further clarity would be helpful on the rationale that led to 10% being the proposed mandated minimum, and whether there was any engagement on this decision. If a mandated weighting is the way in which the government wants to go forward, 10% sets a disappointingly low precedent.

Question 3: Does the proposed approach risk creating any barriers to particular sizes or types of bidders, including SMEs or VCSEs? How might these risks be mitigated?

There is a concern that the proposed approach risks creating barriers to VCSE organisations, in particular small to medium sized VCSE organisations. This is for the following reasons:

1. The rigid and standardised nature of the policy metrics naturally caters for larger organisations with more infrastructure, policies and processes to demonstrate how they meet each of the criteria. Smaller VCSE organisations may have less time and resource to demonstrate how they are meeting each of these criteria.

2. In the case of supply chains, there is a danger that VCSE organisations will be used as ‘social value bid candy’ to demonstrate particular areas of social value but not be used as promised throughout the contract itself.

3. As highlighted above, the commitment to social value in this consultation is limited to central government, and therefore would not benefit the majority of VCSE organisations that operate locally and are commissioned by local bodies.
Question 4: How can we ensure government’s existing procurement policy mandates (for example on levelling the playing field for SMEs) take precedence in designing the procurement?

In our view, there should be no inconsistency between the government’s commitment to social value and its existing procurement mandates. Social value should be embedded throughout all existing procurement mandates, as a factor that will contribute to their successful achievement.

For example, we are aware that there remains widespread nervousness amongst procurement teams that the use of social and environmental measures throughout procurement will impact their ability to meet the expectations of current legislation. But this is absolutely not the case. In order for the government to ensure that its procurement policy mandates are in the design of procurement processes, it must make it clear that such mandates are fundamental to creating effective commissioning practices throughout government that have social value at their heart.

About National Council for Voluntary Organisations

The National Council for Voluntary Organisations (NCVO) is the largest membership organisation for the voluntary sector in England. With over 12,000 members, NCVO represents all types of organisations, from large ‘household name’ charities to small voluntary and community groups involved at the local level. Given the wide-ranging nature of the consultation, we have focused our answers on the questions of most relevance to voluntary organisations.

About Charity Finance Group

Charity Finance Group (CFG) is the charity that works to improve the financial leadership of charities, promote best practice, inspire change and help organisations to make the most out of their money so they can deliver the biggest possible impact for beneficiaries. CFG has over 1450 members, who between them represent over £21 billion in charitable turnover.

About Small Charities Coalition

The Small Charities Coalition (SCC) supports small charities to access skills, tools and information. They have over 9,000 members and supporters UK-wide. The Small Charities Coalition define a charity as “small” if they have an annual turnover of less than £1 million.