

Procurement Policy Note – Taking Account of Social Value in the Award of Central Government Contracts

Action Note PPN 06/20

September 2020

Issue

1. This Procurement Policy Note (PPN) launches a new model to deliver social value through government's commercial activities. Central government organisations should use this model to take account of the additional social benefits that can be achieved in the delivery of its contracts, using policy outcomes aligned with this Government's priorities.

Action

2. Social value should be explicitly evaluated in all central government procurement, where the requirements are related and proportionate to the subject-matter of the contract, rather than just 'considered' as currently required under the Public Services (Social Value) Act 2012. Unnecessary burdens should not be placed on commercial teams or suppliers.

3. In scope organisations must:

- Familiarise themselves with the social value model at Annex A, including the menu of priority policy themes and outcomes that can be applied in new procurements.
- Ensure all those involved in commercial activity in the organisation complete the e-learning on social value which can be accessed via the [Government Commercial College](#).

4. Further detailed guidance on applying the model will be published on GOV.UK. Procurements related to construction, capital investment and infrastructure projects above £10m should use the priority themes and outcomes in applying the Balanced Scorecard for Growth ([PPN 09/16](#)) and the guidance on this will be updated.

Dissemination and Scope

5. This Procurement Policy Note (PPN) applies to procurements covered by the Public Contracts Regulations 2015, and applies to all Central Government Departments, their Executive Agencies and Non Departmental Public Bodies. Together these are referred to in this PPN as 'In-Scope Organisations'. Please circulate this PPN within your organisation, drawing it to the attention of those with a commercial and procurement role.

Timing

6. This PPN is effective from the date of publication. The social value model should be applied to all new procurements from 1 January 2021.

Background

7. Whilst the overarching objective for the Government's commercial activities will remain achieving the best commercial outcome, it is right that the Government applies its

commissioning to supporting key social outcomes. The public sector must maximise social value effectively and comprehensively through its procurement. Applying social value requirements in procurement can have a significantly positive impact by broadening the benefits that are delivered.

8. A joint team from Cabinet Office and the Department for Digital, Culture, Media and Sport (DCMS), working with Claire Dove, the Government's Crown Representative for Voluntary, Community and Social Enterprises (VCSEs), have designed a social value delivery model for central government buyers drawing on examples of best practice in local government. Commercial specialists, policymakers, small and large businesses and the VCSE sector have been engaged in the design.

9. In 2019, the Cabinet Office consulted on aspects of the model including the delivery metrics. The Government response to the consultation has been published alongside this PPN. The model has also been updated to reflect the impact of COVID-19.

10. The model articulates for commercial teams the areas of priority focus for social value delivery in central government procurement, in the form of policy themes and outcomes. From this menu, commercial teams should select objectives that are relevant and proportionate to their procurement, for example creating employment opportunities for those who face barriers such as prison-leavers. Detailed guidance on application of the model will be published shortly. This will provide buyers with comprehensive standardised information to accompany each of the outcomes so they can be seamlessly included in the procurement, including standard award criteria, delivery objectives that describe 'what good looks like', and metrics for contract management and reporting.

11. This consistency means the process for defining social value will be standardised. It provides a clear, systematic way to evaluate these priority policies in the award of a contract. Evaluation of the social value aspect of bids should be qualitative so all potential suppliers, including SMEs, VCSEs and those new to government business, can successfully bid by describing what they will deliver and how they will deliver it (i.e. it is the quality of what is being offered that will count in the evaluation, not the quantity).

12. Application of the model will be mandatory in central government but commercial teams retain flexibility in deciding which of the outcomes should be applied to their particular procurement to ensure relevance and proportionality. A minimum weighting of 10% of the total score for social value should be applied in the procurement to ensure that it carries a heavy enough score to be a differentiating factor in bid evaluation; a higher weighting can be applied if justified.

13. The Cabinet Office is making training products available to support implementation of the model in central government. E-learning is available via the [Government Commercial College](#), and training workshops are available to be booked via sv@cabinetoffice.gov.uk. Training sessions can be arranged by organisational cohort.

Contact

14. Enquiries about this PPN should be directed to the Crown Commercial Service Helpdesk on info@crownccommercial.gov.uk.

Annex A - Themes and Outcomes		
Theme	Policy Outcome	Delivery objectives - what good looks like
COVID-19 recovery	Help local communities to manage and recover from the impact of COVID-19	<p>Activities that, in the delivery of the contract:</p> <ul style="list-style-type: none"> - Create employment, re-training and other return to work opportunities for those left unemployed by COVID-19, particularly new opportunities in high growth sectors. - Support people and communities to manage and recover from the impacts of COVID-19, including those worst affected or who are shielding. - Support organisations and businesses to manage and recover from the impacts of COVID-19, including where new ways of working are needed to deliver services. - Support the physical and mental health of people affected by COVID-19, including reducing the demand on health and care services. - Improve workplace conditions that support the COVID-19 recovery effort including effective social distancing, remote working, and sustainable travel solutions.
Tackling economic inequality	Create new businesses, new jobs and new skills	<p>Activities that, in the delivery of the contract:</p> <ul style="list-style-type: none"> - Create opportunities for entrepreneurship and help new, small organisations to grow, supporting economic growth and business creation. - Create employment opportunities particularly for those who face barriers to employment and/or who are located in deprived areas. - Create employment and training opportunities, particularly for people in industries with known skills shortages or in high growth sectors. - Support educational attainment relevant to the contract, including training schemes that address skills gaps and result in recognised qualifications. - Influence staff, suppliers, customers and communities through the delivery of the contract to support employment and skills opportunities in high growth sectors.
	Increase supply chain resilience and capacity	<p>Activities that:</p> <ul style="list-style-type: none"> - Create a diverse supply chain to deliver the contract including new businesses and entrepreneurs, start-ups, SMEs, VCSEs and mutuals. - Support innovation and disruptive technologies throughout the supply chain to deliver lower cost and/or higher quality goods and services. - Support the development of scalable and future-proofed new methods to modernise delivery and increase productivity. - Demonstrate collaboration throughout the supply chain, and a fair and responsible approach to working with supply chain partners in delivery of the contract. - Demonstrate action to identify and manage cyber security risks in the delivery of the contract including in the supply chain. - Influence staff, suppliers, customers and communities through the delivery of the contract to support resilience and capacity in the supply chain.

Fighting climate change	Effective stewardship of the environment	<p>Activities that:</p> <ul style="list-style-type: none"> - Deliver additional environmental benefits in the performance of the contract including working towards net zero greenhouse gas emissions. - Influence staff, suppliers, customers and communities through the delivery of the contract to support environmental protection and improvement.
Equal opportunity	Reduce the disability employment gap	<p>Activities that:</p> <ul style="list-style-type: none"> - Demonstrate action to increase the representation of disabled people in the contract workforce. - Support disabled people in developing new skills relevant to the contract, including through training schemes that result in recognised qualifications. - Influence staff, suppliers, customers and communities through the delivery of the contract to support disabled people.
	Tackle workforce inequality	<p>Activities that:</p> <ul style="list-style-type: none"> - Demonstrate action to identify and tackle inequality in employment, skills and pay in the contract workforce. - Support in-work progression to help people, <i>including</i> those from disadvantaged or minority groups, to move into higher paid work by developing new skills relevant to the contract. - Demonstrate action to identify and manage the risks of modern slavery in the delivery of the contract, including in the supply chain.
Wellbeing	Improve health and wellbeing	<p>Activities that:</p> <ul style="list-style-type: none"> - Demonstrate action to support the health and wellbeing, including physical and mental health, in the contract workforce. - Influence staff, suppliers, customers and communities through the delivery of the contract to support health and wellbeing, including physical and mental health.
	Improve community integration	<p>Activities that:</p> <ul style="list-style-type: none"> - Demonstrate collaboration with users and communities in the codesign and delivery of the contract to support strong integrated communities. - Influence staff, suppliers, customers and communities through the delivery of the contract to support strong, integrated communities.