

Social Value

Implications of the Public Services (Social Value) Act 2012 for
social enterprises and the third sector

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Background



- Draws on work to support Birmingham City Council's implementation of the new social value legislation.
- Barrow Cadbury-funded project.
- Practical lessons reflect BCC context but likely to be more widely applicable.
- Why BSSEC is doing this work:
 - To support 'do-able', practical implementation.
 - Working with biggest LA in England can create opportunities for the sector.
 - Support SEs and VCOs use the legislation – articulate and demonstrate their social value.
 - **Because sector will be competing with the private sector on SV!**

About the Act



- June 2010 – Private Member’s Bill sponsored by Conservative MP Chris White.
- Received Royal Assent March 2012, came fully into force January 2013.

What the Act requires public authorities to do...

They must consider:

→ How what they propose to procure will improve **economic, social and environmental well-being** of an area.

→ How, in conducting the process of procurement, they will act to secure that improvement.

About the Act – contd



- The Act applies to “relevant authorities” – Govt departments, local authorities, NHS Trusts, CCGs, fire & rescue services, police, maintained schools and FE/HE, housing associations.
- It applies to:
 - **Service contracts** rather than goods per se.
 - Contracts **above EU thresholds**.
 - **‘Pre-procurement’** – i.e. what an authority must do prior to commencing a procurement exercise.

About the Act – contd

- Social value outcomes in contract specifications must be:
 - Relevant and proportionate.
 - Specific, measurable and verifiable.
 - A clear part of the award criteria.
- SV not defined in law. Govt has described it as:
 - “...the additional benefit that can be created by procuring or commissioning goods and services, **above and beyond the benefit of merely the goods and services themselves**”.
- Public bodies must also consider whether consultation is required – but **not** a duty to consult.
 - Govt assumes consultation “digital by default”.

Early lessons from work with BCC



Social value is not a blank slate

- Working with the grain of what's already there:
- Corporate priorities where clear political commitment already exists.
- Key policy drivers.
- Existing processes / procedures.

Authorities won't just 'invent' social values

- Will interrogate key priorities, policies and objectives to identify an overall 'framework' for social value.
- SV outcomes will be an adaptation or further iteration of social outcomes a public authority is already trying to achieve.

22 April 2013 Cabinet: BCC adopted a suite of SV-related policies



Social Value Policy is significant because...

Cabinet support

**Establishes political
commitment**

**Sets framework for
continuing development
of SV**

**Goes beyond the
requirements of the Act –
BCC will apply SV to:**

- All contract values**
- Goods and services**

Social Value and Birmingham City Council



- **Now clear that in BCC's case social value will be:**
 - **Aligned with priorities outlined in Leader's policy statement June 2012:**
 - Tackling inequality and promoting social cohesion.
 - A prosperous City built on an inclusive economy.
 - Involving local people and communities.
 - **Underpinned by existing policies that already offer some of the necessary tools for securing social value:**
 - Living Wage policy.
 - B'ham Charter for Business Social Responsibility.
 - Buy Birmingham First.
 - Social Value Policy.

Large scale examples

- Carillion central library contract – included SV clause (apprenticeships, local employment, training etc).
- Wilmott Dixon maintenance c.60,000 council housing units – similar SV clause.
- Birmingham Energy Savers green deal contracts:
 - Delivery agent – Carillion Energy Services.
 - Buy for Good CIC manages social outcomes:
 - Environmental targets plus:
 - SMEs/small suppliers – supply chain.
 - Training/employment opportunities.
 - Health outcomes.
 - Engaging schools/YP.

Small scale example

- **Adults & Communities contract – consortium of small church-based lunch club providers:**
 - Often too small to bid.
 - Contract held by The Digbeth Trust using a contract + management + support model.
 - Includes support to identify other possible health and wellbeing outcomes.
 - BCC keen to replicate.
- **SV is sometimes as much about *how* services are purchased as what is written in the contract.**

Likely process for SV commissioning



- **BCC SV Policy requires all commissioners to take SV Policy into account:**
 - 1. Communicate SV clearly to the marketplace.**
 - 2. Examine service specifications for additional SV outcomes.**
 - 3. Give examples of SV in specs. – specific, measurable, verifiable.**
 - 4. Aligned with corporate objectives, Leader’s Statement, key policies.**
 - 5. Tenderers required to include a SV Statement in submission:**
 - The additional SV outcomes they can achieve.
 - The kind of evidence they think they will be able to provide to demonstrate achievement.
 - 6. Ensure accessibility / inclusiveness in how ITTs are structured, publicised etc.**

Implications for SEs & VCOs



1. Act is not about social enterprise/third sector – doesn't make it possible for contracts to be restricted to them. It applies to all suppliers.
2. Act should offer sector a degree of competitive advantage – but **not a monopoly on SV! Opens SV up to competition.**
3. Will place a much greater emphasis on:
 - Articulating SV that is relevant to contract, clear and understandable.
 - Monitoring SV.
 - Developing evidence that is clear, easily conveyed and can demonstrate SV has been achieved.

'Evidence'

- Least developed part of the process.
- Likely to be a light touch regime:
 - Nothing that adds to management costs.
 - Doesn't seem likely that SROI will be favoured – but SROI does provide a foundation of appropriate evidence.

Being prepared...

- Review the messages you use to articulate and define the social value you do create. Are they clear, punchy, precise?
- Are they: **RELEVANT – APPROPRIATE – SPECIFIC – UNDERSTANDABLE?**
- Look particularly for evidence that helps you define and illustrate the social value deriving from:
 - Specific services.
 - Ways of working/delivering that are unique to you (your USPs).
 - Particular interventions.
 - Impact and outcomes for specific groups of service-users.
- Look for what distinguishes you from other providers – especially private sector.

Being prepared...

- **Assess how robust your evidence is and whether it can be improved.**
- **Are there any sources of evidence you aren't using fully – e.g.**
 - Service user data.
 - User satisfaction surveys.
 - Personal stories.
 - Cost-benefit analyses that demonstrate savings to other services.
 - Volunteer benefits.
- **If evidence is lacking, think about –**
 - How, where and what type of evidence you could generate
 - And make plans to do so!

Currently working to...



- **Work continues...**
 - Incorporating SV into BCC's evolving 'Service Redesign & Commissioning Toolkit'.
 - Developing underpinning guidance notes.
 - Ultimately will work with BCC to produce a SV 'toolkit'.
 - Helping BCC Supporting People team to incorporate SV into first round of SP contracts to which it will apply.
 - Will commission support workshops for SEs and VCOs later this year.

Documents & updates



Documents and project updates including longer Briefing paper on SV:

<http://bssec.org.uk/policy-issues/public-services-and-social-value/>

BCC Social Value Policy and links to associated policies, Living wage and Business Charter for Social responsibility:

<http://bssec.org.uk/birmingham-city-council-adopts-social-value-policy/>