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SUMMARY

Public spending creates large markets for goods and services: total UK public procurement amounted to £292 billion in 2018/19, equivalent to around 14 per cent of GDP or 36 per cent of total government spending (HM Treasury 2019). Standards driving procurement decisions can therefore have a powerful effect in supporting and encouraging good business behaviours.

The Public Services (Social Value) Act introduced in 2012 seeks to use public spending to create value for society. There is evidence that since the passing of the act, social value is being given greater emphasis in procurement decisions and that engagement within the private sector has also increased.

Despite this progress, at present only a small proportion of current public procurement spending (estimated at around 9 per cent (White 2017) encourages more responsible business practices. In general, progress within the housing sector is relatively advanced. However, our findings suggest that the quality and depth of engagement varies quite considerably and much more needs to be done to achieve a consistent approach across the sector.

This report finds that a number of challenges must be overcome if social value is to achieve a more transformational role in driving better business decisions across the housing sector and the economy more generally. To achieve this the approach, legislation and measurement surrounding social value needs to be strengthened and made far more robust.

KEY FINDINGS AND RECOMMENDATIONS

The key findings and recommendations of this report are summarised below.

First, **approaches to measuring social value need to be clearer and more consistent**. A broad selection of guidelines and support material has now been created. These need to be brought together to form a more unified approach, and more support is needed to facilitate collaboration.

- Much of the existing guidance adopts an explicitly valuation-based approach to social value analysis. Most studies would benefit from incorporating a mix of qualitative, quantitative and financial value-based analysis. The benefits of adopting a hybridised approach to social value appraisal should be articulated more clearly.
- The government should encourage public bodies to explore opportunities for pooling resources and collaborating to deliver social value at reduced cost.
- In its current form, social value appraisal is a complex process that is poorly suited to be bolted-on to existing jobs. Methodologies should either be streamlined and simplified, or practitioners should be required to undertake additional specialist support and training.
- Current social valuation approaches should be refined to place more emphasis on delivering within local economies. This will enhance support for social value and make the analysis more grounded in local development plans.

Second, **the Social Value Act needs to be strengthened**. While the act has been successful at initiating engagement within the public sector, several improvements are needed to make it more effective. These include the following.

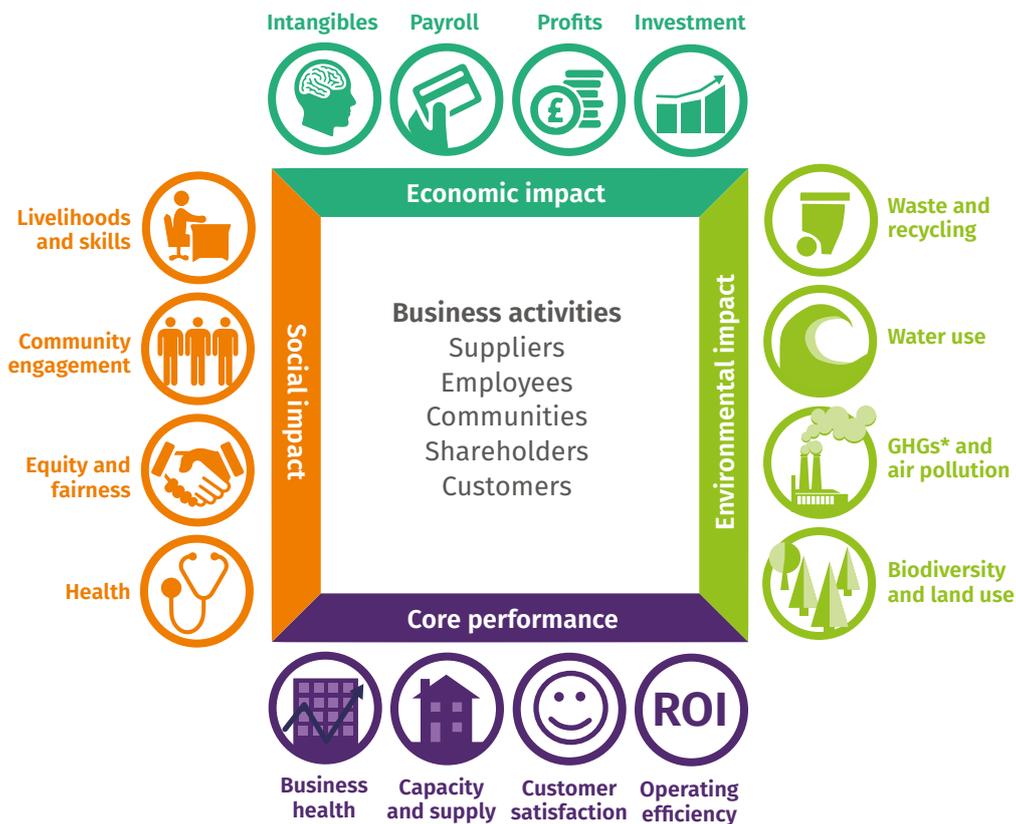
- Extending the scope of the act to include the procurement of works and goods contracts, as well as of service contracts.
- Strengthening the act so that public bodies are required to 'account for' rather than simply 'consider' social value.
- Remove the procurement threshold so that all levels of procurement need to be accounted for. A flexible framework should be maintained so that the depth of review is appropriate to the scale of the procurement activity being undertaken.

- The statutory consultation period should be brought forwards to earlier within the pre-procurement phase. Early engagement will ensure that there is greater opportunity to consider and implement stakeholder feedback.
- Opportunities for stakeholder engagement should be extended through the project lifecycle. This will provide greater opportunity to learn from stakeholder experience.

Third, **the housing sector needs more housing specific guidelines.** The government’s specific expectations of social value within the housing sector should be clarified and sector specific guidance needs to be expanded and streamlined. Ways to do this include the following.

- Guidance that is focussed on the delivery of social value – as opposed to its measurement – should be expanded to cover a fuller range of applications, including retrofit, operation and end of life disposal of housing. This should complement existing guidance for new developments.
- The government should facilitate a process to provide standardised and consistent guidance as to what social value means for the housing sector. This should take into account the range of existing third-party guidelines and fold them into a unified set of official guidelines, perhaps mapped to the Royal Institute of British Architects (RIBA) Plan of Work stages.
- The modified framework should include case studies, templates and recommended social value ‘weightings’, so that suppliers and partners experience more consistency in expectations.

FIGURE S1: AN EXAMPLE OF A VISUAL FRAMEWORK THAT ORGANISATIONS CAN USE TO ASSESS THE VALUE THAT THEIR ACTIVITIES GENERATE



Source: Authors’ analysis, adapted from and modelled on PwC’s TIMM framework
 *Greenhouse gases

The progressive policy think tank

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