



Department for
Digital, Culture
Media & Sport

The Public Services (Social Value) Act 2012

An introductory guide for commissioners and policymakers

This is an introductory guide to the Social Value Act. Our aim is to give practical advice to commissioners and policymakers who are carrying out duties under the Act for the first time (or perhaps needing a refresher). This guide can help you deliver wider policy commitments with money you are spending.

How do I use this guide?

Use the advice and practical examples in this guide when designing your service and then writing your service specification. You might copy and paste some examples into your documents and use others as a springboard for your own ideas.

We know you're busy so we have kept this short and simple: it's not exhaustive. There are plenty of detailed guides already out there and we've linked to some of them below.

This guide focuses on your service specification. It does not deal with the procurement process - for that, you should speak to your Commercial colleagues and refer to [Crown Commercial Service \(CCS\) policy notes](#).

Who is this guide for?

This guidance is aimed at those in commissioning, policy-making or operational roles who need to procure a service on behalf of bodies defined as contracting authorities*. Please circulate this guidance to appropriate personnel / teams within your organisation and any other bodies which you are responsible for, including agencies and non-departmental public bodies (NDPBs). You may also publish it on your intranet.

*under the Public Contracts Regulations 2015.

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Enquiries

Please direct general enquiries about this document to the [Office for Civil Society \(OCS\)](#).

Please direct procurement enquiries to your Commercial teams or [CCS](#).

1. What is the Social Value Act (SVA)?

The full name of the act is the 'Public Services (Social Value) Act 2012'.

The Social Value Act (SVA) applies when you are procuring the provision of services, or the provision of services together with the purchase of hire of goods or carrying out of works, that is subject to [The Public Contracts Regulations \(2015\)](#).

The SVA requires you to consider, at the pre-procurement stage, how procurement could improve the social, economic and environmental well-being of the relevant area, and also to consider how in conducting the process of procurement, the commissioner might act with a view to securing that improvement. This means you should think about the potential social benefit of a service from the start of the commissioning process.

When do I consider economic, social and environmental factors?

The SVA requires authorities to consider how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and how, in conducting the process of procurement, it might act with a view to securing that improvement. Authorities must also consider whether to consult. We recommend you consider social value at each of the following stages:

1. **Consultation**
2. **Service design:** writing your service specification (with input from users, the wider community and the market including VCSEs).
3. **Tendering:** writing procurement documents (such as supplier questions and evaluation criteria) and evaluating bids.
4. **Post-procurement:** performance management to ensure that any social value requirement that you specified, or that the supplier offered, was delivered.

When does the Act apply?

The SVA applies to commissioning of services above the relevant [Public Contract Regulation \(PCR\) threshold](#). (NB: please check with the Commercial team which threshold applies to your procurement).

To drive more value through every pound spent, it can be appropriate to apply the principles of the SVA in procurements not covered in its scope (e.g. in construction contracts). You should seek the advice of your Commercial Team.

This guide focuses on how to write a service specification that accounts for social value. It is aimed at commissioners and policymakers. For guidance on the procurement process, speak to your Commercial team.

2. What does social value look like in practice?

When used to full effect, service design with social value in mind can deliver a more holistic and innovative solution. In practice social value can be a cost-saving tool too, as you can deliver additional benefits through the way that a service is run. For example, if users are involved in delivering services, it may not add any cost, but deliver wellbeing benefits to those users. The table provides examples of some social value benefits that you could elicit from your service specification.

Some examples

Social

- Employing a diverse workforce for the delivery of the service including the employment of veterans and service spouses/partners - see the [Armed Forces Covenant](#)
- Collaborating with the voluntary and community sector, including users involved in designing and delivering the service
- Monitoring labour standards through the supply chain
- Improving skills and access to digital technology
- Approaches that encourage wellbeing and mental health

Economic

- Job creation/employing from a local community or disadvantaged groups
- Training and development opportunities / creation of [apprenticeships](#)
- Opportunities for Small and Medium Enterprises (SMEs) including Voluntary, Community and Social Enterprises (VCSEs)
- Prompt payment through the supply chain
- Advertising subcontracting opportunities to diverse supply chain
- Creating a level playing field for UK steel producers - see [CCS guidance](#)
- Enhancing the UK Growth Agenda

Environmental

- Water consumption management
- Environmental policy and prevention strategies
- Monitor greenhouse gas emissions
- Reduction in waste to landfill
- Heritage protection
- Carbon reduction or offsetting

3. How do I include social value in my design & specification?

1. You can demonstrate interest in social value to influence the market's behaviour. This could include a requirement to monitor specific social value criteria when the service is delivered, such as numbers of apprentices, skills and training opportunities.

- + This request shows your interest in achieving certain community benefits as a result of the service, and should encourage suppliers to change their behaviour to account for these benefits.
- This approach is best suited to an immature market where many suppliers do not yet have a wider social value offer. As social value isn't designed into the service, change in practices might be slow.

2. You can set out specific social, economic or environmental requirements that you want delivered (where these are relevant to the contract subject-matter).

- + By making social value inherent in the design, you can guarantee results.
- There is a risk that you could prevent suppliers from offering alternative solutions. Or a supplier might have to create something new that you have designed, rather than offer an existing scheme that still meets your outcome.

3. You can define your service using desired outcomes instead of specific social value solutions.

- + By stating desired outcomes, you can harness the market's existing capability and creativity, while mitigating the risk of building costs into your design (by requiring a supplier to set up something new that you defined). For example, your service might require improved youth employment outcomes. One organisation might already have a programme for the unemployed, or those not in education or training; another might mentor young people in the local community to help them manage their finances and enter the workforce; this approach would embrace both approaches.
- If the market is less mature, you may risk favouring established organisations over inexperienced bidders. However, engagement with the market well in advance of the tender will help identify and mitigate this risk.

We recommend this outcomes-based approach to commissioning to encourage innovative and cost effective solutions. For example if, rather than re-procuring a street-cleaning service, we thought about how to keep the streets clean, we would open up a whole range of alternative solutions that are potentially less expensive too, including wider social, economic and environmental benefits.

Increasingly, services are being co-designed with communities and informed by a wide range of potential providers, including small and medium enterprises (SMEs) and voluntary, community and social enterprises (VCSEs) who are often well-placed to know about location or user-centric opportunities.

The Public Contract Regulations 2015

There are some common misconceptions about The Public Contracts Regulations 2015 (PCRs). We want to make clear that you **CAN**:

- Speak to suppliers to inform specification development, where procurement rules permit this
- Ask suppliers to provide wider social benefits, where procurement rules permit this

Be mindful of the important EU Treaty principles of fairness, equal treatment, free movement of services, transparency and proportionality when writing your specification (e.g. the requirement must be relevant to the service you are buying) and speak to your Commercial team at the early stages of the project about your ideas and ambitions.

Balanced Scorecard Tool

The government has produced a Procuring for Growth Balanced Scorecard, which is mandatory for all central government construction, infrastructure and capital investment procurements with a value over £10 million. A [Balanced Scorecard](#) approach is a way of developing a procurement so that matters such as cost are balanced against more complex issues such as social and wider economic considerations. Though the scope of the Social Value Act is quite different (i.e. relating to the pre-procurement stage of above-threshold service procurements in 'the relevant area'), commissioners may find a Balanced Scorecard approach with some adaptation is useful when considering the economic, environmental and social benefits of their approaches to procurement before the process starts.

4. Practical examples & tips

In this section, we provide illustrative examples of requirements that you can adapt and use in your own service design specifications as appropriate (shown in blue), and tips for how to use them to best effect. These have been separated into environmental, social and economic categories. They are not mandatory and the list is not exhaustive.

NB: Any specifications will need to comply with relevant requirements in the Public Contracts Regulations 2015, so check with your Commercial team.

a. Social

Community

The supplier shall take into consideration the Social Value Act in delivering the services

Tip: Make it clear that you care about social value and that you are looking for innovative ideas by starting with a simple statement. If you want to hear about a wide range of different schemes, you should keep the specification open. This will invite organisations to tell you about their existing networks, rather than building in cost to deliver something specific you devised.

We require community volunteers to be supported as part of this contract, through delivery of training/learning opportunities for them.

Tip: Indicate particular areas of interest that are relevant to your organisation's wider policy objectives.

We will require the supplier to engage with communities as it seeks to successfully deliver and continually improve the contract. We require a plan of community engagement activities.

Tip: By asking suppliers to work with the wider community to develop solutions, you can meet the outcomes that users want. By focusing on outcomes and permitting change you allow the supplier to continually improve the solution based on experience on the ground. Make it clear that you want them to work with the community in a sensitive and inclusive manner so a credible engagement plan is required. Make sure to raise this with your Commercial colleagues when you come to write your tender questions.

Digital inclusion

We require the supplier to promote or support digital inclusion during the delivery of this service.

Tip: Add a requirement to identify who needs additional support, the barriers to participation, the ways of engaging these audiences and solutions to meeting their needs.

b. Economic

Skills, training and recruitment

We will require the successful supplier to measure the number of apprenticeship opportunities that are created for the delivery of this service (including consortia members or named sub-contractors where appropriate) as a direct result of this contract providing details of the type and number of opportunities.

Tip: This could include: partnering with other organisations, schools or colleges to provide skills and training; creating apprenticeships; developing construction skills; providing work experience or work placements; developing trade skills.

We want to create skills, training and apprenticeship opportunities through delivering this service.

Tip: Harness a range of opportunities that the bidders may already provide by not being prescriptive about what or how skills should be delivered.

We require the supplier to provide additional social value through its recruitment to positions wholly associated with this service.

Tip: Leave it open to the supplier to identify how they can add value to the community through inclusive recruitment while delivering your service. Note that you cannot require the supplier to change their organisation's recruitment policy; you can only set requirements for the delivery of your service.

Where opportunities arise through the delivery of this contract, we want to generate employment and training opportunities for the following targeted groups: long-term unemployed, young people (including school-leavers, young unemployed and/or student graduates), people with disabilities, and other groups.

Tip: Setting out a specific requirement is a good approach to take if the market is immature, so that you need to explain more about what you are looking for (a good reason to consult the market in advance).

When employment opportunities arise that are wholly associated with the delivery of this service, those opportunities should be advertised such that the following groups are encouraged to apply, e.g. people with disabilities, the local community, from the user community, NEETS, former offenders.

Tip: If the market is more mature and you have identified available opportunities, you can define outcomes. Rather than specific requirements, give the supplier the freedom to decide how to go about it (in this how to encourage/advertise opportunities) to prevent building cost into the service.

Supply chain

As part of our economic growth strategy, we aim to reduce barriers to participation for SMEs/VCSEs. This includes our supply chain. For the operation of this contract, we require the supplier to encourage a diverse supply base, outline an approach to supply chain management and provide management information about the expenditure made with SMEs/VCSEs.

Tip: Demonstrate to the provider that it's important how they run the contract. Encourage good practice and set out how the supply chain can support your wider growth objectives. You might like to look at the Merlin Standard which aids suppliers to think about the best way to manage their supply chain throughout the life of a contract

To remove or reduce participation barriers for VCSEs and SMEs, we encourage suppliers to publish supply chain opportunities associated with this contract on Contracts Finder.

Tip: Encourage suppliers to make opportunities available to SMEs and VCSEs.

We require the supplier to operate the supply chain(s) for this service in a way that meets the following wider strategic outcomes [..].

Tip: Target efforts to specific wider policy areas, such as employment or education.

c. Environmental

The Greening Government Commitments 2016-2020 commits UK government departments and their agencies to reduce harmful impact on the environment. It includes a requirement to apply the [Government Buying Standards \(GBS\)](#) where necessary to ensure more sustainable procurement. Here, we assume you will apply the GBS where needed; below are additional statements you might consider to encourage added social value, or for procurements where there isn't a GBS.

Environmental management

The supplier shall consider the relevance of sustainability at all stages of the life cycle in the provision of services, including the consideration of commercial needs, the minimisation of negative impacts, and also the maximisation of positive impacts on society and the environment.

Tip: Encourage suppliers to consider sustainability at all stages rather than as a one-off activity.

We will require the successful supplier to measure how management of environmental issues during service delivery will reduce or prevent significant environmental impacts.

Tip: Use measurement to encourage environmentally friendly practices.

The supplier shall work with the customer to identify opportunities to introduce innovation, reduce cost and waste, and ensure sustainable development is at the heart of their operation.

Tip: Set the scene for continuous improvement by requiring continuous improvement.

We will require suppliers to identify how they will measure, minimise or offset any negative environmental impacts relevant to this service, as a minimum including: reducing greenhouse gas emissions; sending less waste to landfill and reducing the overall amount of waste produced; and reducing water consumption.

Tip: Go further by specifically requesting that the supplier reduce or offset environmental impacts.

5. Useful links

Tools

[Balanced Scorecard](#)

See Section 3

Case studies

[Office for Civil Society Case Studies](#)

Related policies

[Research into the Public Service Mutuals Sector](#)

[Industrial Strategy White Paper 2017](#)

Examples of tools and frameworks

[Bristol City Council](#)

[Croydon Borough Council](#)

[Greater Manchester](#)

Examples of more detailed Social Value guidance

[GOV.UK Social Value Guidance](#)

[A Good Practice Guide for Making the Most of the Social Value Act](#)

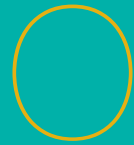
[Life Chances through Procurement Guidance for DWP Contractors](#)

[Social Value Portal](#)

[Social Value Hub](#)

[Social Enterprise UK](#)

[Behavioural Insights Team](#)



CS has drawn on many published sources of information in compiling this guidance and would like to recognise copyright. Particular thanks go to Greater Manchester, Bristol and Croydon councils for their Social Value Toolkits/Frameworks and to colleagues from central government departments for your input and feedback.

For more detailed guidance, please speak to your Commercial team and see [Procurement Policy Note – Public Contracts Regulations 2015 Information Note 02/15](#).

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<http://www.gov.uk/dcms>

We can also provide documents to meet the specific requirements for people with disabilities.

Please email enquiries@culture.gov.uk

Department for Digital, Culture, Media & Sport

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