

The UK Government has issued a policy note that, for the first time, requires some contracting authorities to evaluate social value when awarding public contracts.

The likelihood of social value being the determining factor between bidders in a tight procurement will now increase. In this short briefing, we will highlight the key aspects of the policy and its implications for authorities and businesses.

Since 2012, all contracting authorities in the UK have been required to consider how their procurement can deliver social value – meaning additional social, economic or environmental benefits for their area. This requirement, which was introduced under the Public Services (Social Value) Act 2012, signalled the Government's intention to harness the buying power of the public sector to achieve social objectives, from improving workforce diversity to monitoring labour standards and enhancing environmental protection. However, the 2012 Act was limited in scope and force. It only applied to the procurement of service contracts, not contracts for works or goods, and only obliged authorities to "consider" how a procurement might deliver social value.

The Cabinet Office recently published [Procurement Policy Note 06/20](#), which marks a step-change in the approach to social value. The Policy Note requires certain authorities to **evaluate** social value when procuring any type of public contract, rather than just **considering** if and how it might be delivered. Buyers can choose from a so-called menu of objectives, such as COVID-19 recovery, tackling economic inequality and fighting climate change, and they are obliged to allocate a **minimum** weighting of 10% of the total score to social value. This is to ensure that social value "*carries a heavy enough score to be a differentiating factor in bid evaluation*". Until now, authorities that have awarded marks for social value have typically applied a **maximum** weighting of 10%. More detailed guidance on the scoring model that should be used to assess social value is expected from the Crown Commercial Service in the coming weeks.

Although the Policy Note only applies to 'in-scope' authorities – meaning central government departments, their executive agencies and non-departmental public bodies, including the NHS and NHS bodies – its impact is likely to be more widespread. Other bodies, such as local authorities and councils, may choose to adopt the same approach. The Policy Note is therefore a significant development that will affect both buyers and suppliers in the public sector.

For contracting authorities/buyers, next steps include:

- Implementing the Policy Note, in the case of 'in-scope' bodies, and deciding whether to apply it, in the case of other authorities. We anticipate that many authorities will choose to evaluate social value where it is proportionate and relevant to a contract, if they are not doing so already.
- Considering how to select the social value objectives to evaluate in a given tender. Will policy goals be fixed for a period or vary from contract to contract; and if so, on what basis?
- Engaging with suppliers to update them on these changes, and in particular reaching out to the groups that are intended to benefit from them the most. These include SMEs, new businesses, and the community and voluntary sector.

For businesses/suppliers, it will be important to:

- Review existing social value initiatives and, if these are lacking, consider how they can be introduced in a way that maximises impact in the Government's target areas.
- Ensure that all social value activities have measurable outcomes. The Crown Commercial Service has explained that social value targets should be incorporated in public contracts in the form of binding KPIs. Prepare for this now by adopting a target-based approach to social value initiatives.
- Use clarification questions, supplier days etc. to ensure that you understand a contracting authority's social value objectives and how these will be assessed. With at least 10% of the total score depending on social value, it is essential that you know exactly what the authority wants to see in order to award top marks. Anticipate that there may be issues as some authorities are required to focus on, and evaluate, social value for the first time.

