

New measures to deliver value to society through public procurement

- New measures launched to promote new jobs and skills, encourage economic growth and prosperity, tackle climate change and level up the UK
- Social value in procurement model launched today will be used by government departments to assess a supplier's social impact
- New approach will mean more opportunities for SMEs and social enterprises to win Government contracts by demonstrating the full extent of the value they would generate
- Value for money will still be paramount, but a bidder's social value score will be incorporated into assessment of contracts.

Government departments will use the social value model to assess and score suppliers on the wider positive benefits they bring by delivering the contract. This will mean that value for money for the taxpayer can be maximised while also building a more resilient and diverse supplier base.

The social value model which departments will assess contracts on includes:

- Supporting COVID-19 recovery, including helping local communities manage and recover from the impact of COVID
- Tackling economic inequality, including creating new businesses, jobs and skills, as well as increasing supply chain resilience
- Fighting climate change and reducing waste
- Driving equal opportunity, including reducing the disability employment gap and tackling workforce inequality Improving health and wellbeing and community integration

The new approach will apply tests that all bidders, irrespective of their size and type, will be capable of meeting and therefore further levels the playing field for the UK's small businesses, start-ups and voluntary and community sector organisations and social enterprises.

Government is determined to unite and level up the country, including in places that feel left behind. At the heart of these new social value measures is supporting businesses and communities.

The new measures launched today will come into effect on 1st January 2021.

Welcoming the new rules, Cabinet Office Minister, Julia Lopez said:

Government has tremendous buying power, spending £49bn each year on contracts for vital public services. Value to the taxpayer should lie at the heart of our procurement decisions.

Too often, however, 'value' has been narrowly defined by price without taking into account other important factors such as the number of local jobs or apprenticeships a contractor will provide,

the care they show the environment in their business practices or the number of SMEs involved in their wider supply chain.

We want to see a greater variety of companies deliver government contracts, from every corner of our country – not just because that benefits local economies and communities but because it helps diversify our risk, create a more resilient supplier base and deliver some of our critical priorities.

If we can use government's buying power to drive that broader value, the better our chances of levelling up our country and investing in our people as part of our COVID recovery.

Commercial teams in all government departments will also be expected to complete training courses in implementing the new model and how to ensure the maximum social value is derived from each contract.

The changes mean that central government will now be required to go further than the Public Services (Social Value) Act 2012 to ensure that all major procurements explicitly evaluate social value, where appropriate, rather than just consider it.

The Minister for Civil Society, Baroness Barran said:

This hugely positive change will ensure taxpayers' money supports levelling up across the country, encouraging businesses to give back to their communities and offering more opportunities for our dedicated charities, social enterprises and voluntary groups. This way we can ensure government contracts are helping to tackle economic inequality and support our recovery.

The move has also been welcomed by both business leaders and experts in the field of social value.

Arnab Dutt, the chair of the Social Value Policy Unit at the Federation of Small Businesses, said:

I welcome the announcement on social value procurement as an important step forward for public sector supply chains. Its focus on addressing economic inequality, the climate emergency and societal wellbeing is a 21st century agenda.

Social value has the potential to be transformational in bringing opportunity to all parts of our country and to the many small businesses that are the lifeblood of our communities.

The Federation of Small Businesses continues to help shape policy for a dynamic ecosystem for our UK SMEs in collaboration with the public sector, acknowledging that the government's SME growth

agenda and social value policy go hand in hand.

Mark Fox, the Chief Executive of The Business Services Association, added:

This is a good initiative putting people first by focussing on social value. It helps push up standards and best practice.