

# Press release: New 'Social Value' contracts to revolutionise government procurement

- Cabinet Office Minister David Lidington will say “it is right that we use government’s purchasing power to benefit society”, as he announces new rules to drive social change
- key companies also to draw up their plans in the rare event of supplier failure

Cabinet Office Minister, David Lidington, will today announce new measures to deliver better public services and use contracts as a “force for good”.

In a speech to the Business Services Association in central London, the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office, David Lidington, will announce that by summer 2019, government procurements will be required to take social and economic benefits into account in certain priority areas. These include supporting small businesses, providing employment opportunities for disadvantaged people and reducing harm to the environment. He is expected to say:

We are determined to build a society where people from all parts of our country have access to the best public services.

Public services should be delivered with values at their heart... it is right that we use government’s purchasing power to benefit society.

This follows a package of measures launched by David Lidington in June to promote a healthy and diverse marketplace of companies bidding for government contracts, including small businesses, mutuals, charities, co-operatives and social enterprises.

Clarity, a social enterprise employing people with disabilities, welcomes social values being assessed as part of public sector procurement. Camilla Marcus-Dew, Co-Founder and Head of Commercial at CLARITY – The Soap Co, said:

We believe that all people, regardless of their ability should have the chance to engage in meaningful work, something that our company strongly champions.

Working with the Cabinet Office has made a massive difference to our social enterprise – enabling us to grow and boost our revenue so we can continue to support many more vulnerable people with disabilities and long-term health conditions across our five sites

in the UK.

Mr Lidington will also announce today that government suppliers are drawing up their plans in the unlikely event of business failure where another may need to step in.

Capita, Serco and Sopra Steria have volunteered to lead the way in this new best practice. They will complete their 'living wills' within weeks with other key suppliers set to follow. The Minister will say:

Carillion was a complex business and when it failed it was left to government to step in – and it did. But we did not have the benefit of key organisational information that could have smoothed the management of the liquidation.

By ensuring contingency plans can be quickly put in place in the very rare event of supplier failure, we will be better prepared to maintain continuity of critical public services.

Serco is one supplier who has volunteered to be first in providing its 'living will' plan. The company's CEO, Rupert Soames, said:

As a major Government supplier, who has been quite vocal on issues around Government contracting, it's pleasing to see industry and government coming together to develop a shared vision for the delivery of public services. We are now beginning to see progress being made in a number of areas – transparency, standards of behaviour, risk allocation, and 'living wills', which are designed to improve the resilience of Government contracting.

## **Background information**

By summer 2019, departments will be required in their procurements to consider social values, with priorities to include:

- helping access for small businesses
- helping access for businesses owned by under-represented groups
- increased representation of disabled people in the workforce
- reduced environmental impact

A 'living will' is the plan for how public services provided by a supplier can be secured and continued in the event of a potential company's failure, to allow government time to transfer the services safely to a new supplier, or take them in-house.

Further measures to be announced on Monday include:

- central government to shortly publish new data, not seen before, about

the performance of critical contracts, such as response rates and if they are delivering on time

- the government's Supplier Code of Conduct is to be reviewed and enhanced
- scaling-up the GovTech catalyst programme to ensure the best ideas and technologies are assessed quickly – with plans to be published in Spring 2019