

Policy Briefing, 23 April 2013

# The Social Value Act

## Public Services (Social Value) Act 2012

The purpose of this briefing is to summarise the impact of the Social Value Act and brief local voluntary and community organisations on what it means for them.

The Public Services (Social Value) Act 2012 became law on the 8th March 2012. From 31st January 2013 the Act went 'live' and commissioners and procurers must adhere to it.

### What is the Act?

For the first time, it is now a legal requirement for commissioners to take account of social value when taking decisions about how to deliver public services. Social value means added economic, social or environmental benefits. Public bodies must consider social value ahead of a procurement. They are expected to 'have regard to' the ways each procurement decision might benefit society.

Authorities must then consider how they can use procurement to secure that benefit, and whether to consult on this.

You can read [the Act itself here](#).

Voluntary organisations and those that support volunteering are well placed to demonstrate this added social value during procurement processes.

### How does the Act apply?

The Act applies to all public services contracts and framework agreements to which the Public Contracts Regulations 2006 apply (including those with an element of goods or works), but not to those which are solely for goods or works. This includes: local authorities; government departments; NHS Trusts; PCTs; fire and rescue services; and housing associations. The duties do not apply to contracts which are not covered by the public procurement rules. Therefore, the duties do not apply to service contracts valued below the relevant EU threshold. These thresholds are: £113,057 for service contracts; and £173,934 for all other contract bids. However, there is widespread approval for public bodies considering social value in all forms of contracts. It is best practice according to the Cabinet Office for it to apply to all contracts, no matter what their value.

According to Social Enterprise UK who have written [guidance](#), and the Cabinet Office's [Procurement Policy Note](#), commissioning authorities should:

- Think about what social value means to them, which should reflect organisational priorities and local needs – these may already be expressed in a sustainable community strategy. They are to consider doing this in consultation with the local community (including the supplier community).
- Develop a policy for social value commissioning/procurement.
- Consider how value can be translated into verifiable requirements within the core of a tender specification. Such requirements should be mentioned in the advertisement for any procurement exercise. This can include reinvestment of profits into a good local cause. There can be a scored question about 'added value' on application forms.
- Develop the weighting to be applied to criteria, to help judge the most advantageous tender.
- Consider social value at the pre-procurement stage of each exercise, and consult if necessary. The Cabinet Office's lean standard operating process places a heavy emphasis on engagement with supply markets before procurement processes commence, in order to inform the development of bids.
- Set up monitoring and performance management based on value, with a partnering culture.

### **What should the voluntary sector do?**

Chris White MP, who brought the private member's bill which became the Act, said 'The aim of the Act is to support community groups, voluntary organisations and social enterprises to win more public sector contracts and to change commissioning structures so that a wider definition of value rather than just financial cost is considered.' Nick Hurd said the Act is part of an effort to encourage social innovation in commissioning.

To take advantage of this, voluntary and community bodies need to:

- Think about social value and impact measurement.
- Discuss social value with public bodies, to help in working up priorities and criteria.
- Plan how to articulate why they should deliver any particular service contract.
- Make the most of their added social value in applications, but not at the risk of other elements (strategy, financial management, cost, quality, risk management).

Value for money still remains the over-riding factor that determines all public procurement decisions, so, of course, social value does not trump this consideration, but must be considered alongside it.

Many elements of the sector nationally see the Act as a powerful tool for voluntary and community organisations, and Sir Stephen Bubb, the Chief Executive of the Association of Chief Executives of Voluntary Organisations (ACEVO), has warned that [ACEVO will take public bodies that do not take the Act seriously to court](#).

## Is there guidance on the Act?

The Cabinet Office has issued a [Procurement Policy Note](#) on the Act as guidance to commissioners and procurers.

The [guidance](#) written by Social Enterprise UK is more readable.

## Case studies

NAVCA's briefing [on how E Sussex County Council mainstreamed social value in procurement process](#)

News story on how HCT, a social enterprise, won [a contract to provide transport services to London Borough of Waltham Forest](#).

## Tools

There are tools out there to support you in measuring the social value of your work:

- Tools for [measuring social impact](#) (NCVO)
- More [impact tools](#) (NCVO)
- NAVCA's briefing on [measuring social value, outcomes and impact](#)
- Community Matters' purchasable tool on [measuring social value for community organisations](#)

## Other reading

Debate on *The Guardian* website – [views from different expert perspectives on what the impact of the Act will be](#).

And another interesting article in [The Guardian on the impact of the Act](#).

[This blog](#), written by an organisation that works with local government, gives a commissioner's perspective on the Act.