

Social Value & Cost of Living

- What our agreements have in place to support
- What we are doing with customers
- How some customers are addressing these issues
- What you can do when considering submitting a bid
- Key takeaways
- Questions to amy.bond@crowncommercial.gov.uk



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Social Value – the what and the how

The additional value in the delivery of product or service contract where a wider community or public benefit can be created - extending beyond the value of the contract itself.

PPN 06/20 stated: “Social value should be explicitly evaluated in all central government procurement, where the requirements are related and proportionate to the subject-matter of the contract, rather than just ‘considered’ as currently required under the Public Services (Social Value) Act 2012.”

WPS clients are legally required to consider social value as part of procurement activity.

CCS agreements have therefore been constructed with the mechanism for clients within central government to allocate a minimum of 10% weighting to social value in their call-offs.

Social Value Act: [information and resources](#)

Cabinet Office and DCMS developed the Social Value Model and guidance, following public consultation and engagement with departmental commercial and policy teams and supplier representative bodies.

[Social Value Model](#)

[Guide to using the Social Value Model](#)

Social Value Themes		Policy Outcomes
1	Covid-19 Recovery	Help local communities to manage & recover from the impact of C-19
2	Tackling Economic Inequality	Create new businesses, new jobs and new skills
		Increase supply chain resilience and capacity
3	Fighting Climate Change	Effective stewardship of the environment
4	Equal Opportunity	Reduce the disability employment gap
		Tackle workforce inequality
5	Wellbeing	Improve health and wellbeing
		Improve community cohesion

Social Value – the caveats

However, with regards to [below threshold](#) procurements, summarised as:

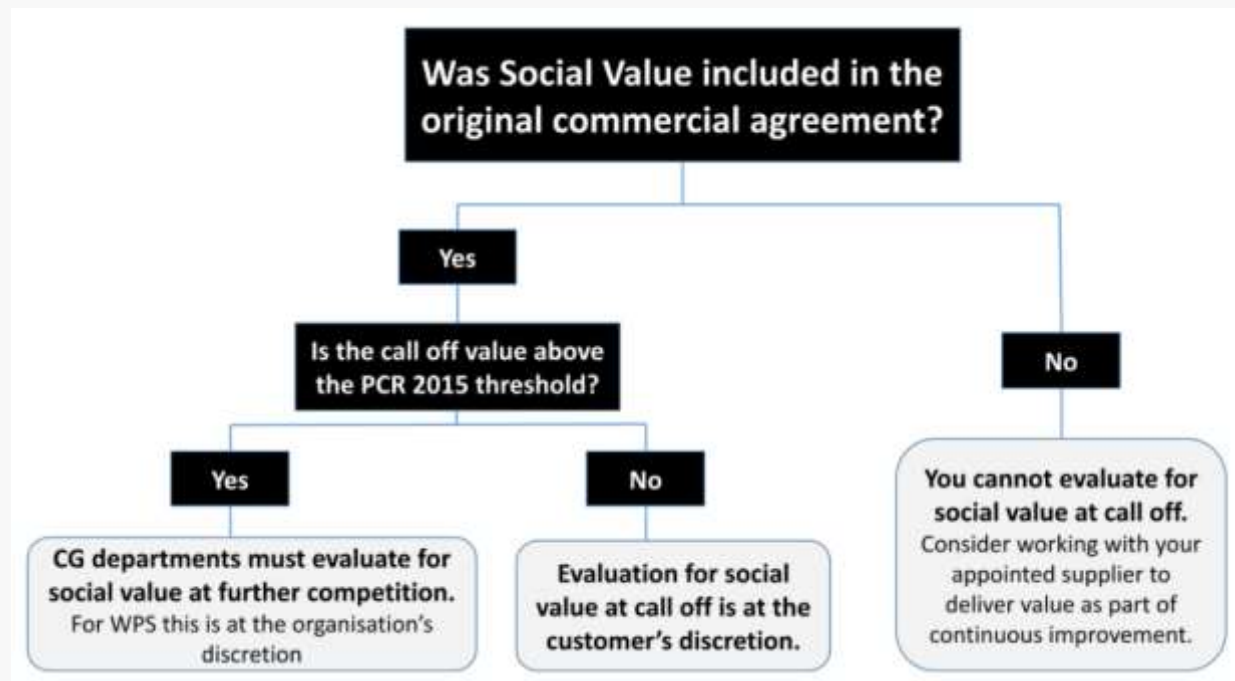
Supplies & Services - £122,976

Works - £4,733,252

Light Touch Regime for certain social and other specific services - £663,540

..where social value is permitted under the terms of the agreement (whereby PPN 06/20 is applied) and the organisation is in scope for a call off under the PCR's threshold (i.e. Central Government), then evaluation is at the department's discretion.

The diagram illustrates:



Social Value

What our agreements have in place to support

Only Central Government are mandated to evaluate Social Value and only over the services/goods threshold value as illustrated in previous slide.

There is some flexibility for customers when evaluating:

- can decide which of the themes/outcomes should be applied, NOT all of them
- looking for quality not quantity
- considering proportionality in the evaluation approach
- Not always a narrative response, sometimes pass/fail used i.e. you must confirm acceptance of some form of reporting or consideration

There are links on slide 2 to useful resources, and have included supplementary documents with this slide deck:

- **Social Value Portal ‘Social Value 101 Guide’**
- **Example of Social Value Model ‘illustrative example of one of the themes’**

Social Value

What we are doing with customers

The Social Value Model (& guide) offers practical example ideas, for developing award criteria, award questions and reporting metrics. Model questions and model responses - those are linked in slide 2.

However those are for larger requirements, we also offer customers guidance around using a more generic open-ended question that would allow suppliers to showcase what they are already doing, rather than introducing something new.

We ask customers to think about:

- If asking for reporting, what do you want to receive and review? Will it help you? Do you really want to see it? Is it time consuming for both parties? i.e. delivery plan
- Do you want to link social value outputs to KPIs? Is it necessary? Consider impact on both parties.
- Do you want to hear about current initiatives only, that won't impact on your ongoing contract management?

What you can do when considering submitting a bid

Be prepared with what your organisation already does and where your strengths lie within each of the themes (where applicable)

Covid-19 Recovery – upskilling, changing skills, adapting business

Tackling economic inequality – supply chain resilience, creating new skills (tech in place of field force)

Equal Opportunity – reduce disability employment gap, tackle workforce inequality

Fighting Climate Change – less travel, online replacing face-to-face, CNZ plans

Wellbeing – improving health and wellbeing in the workplace, improving community integration

Example of options and pros/cons
Power to your procurement



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How some customers are addressing it

Contractual obligations within the Order Form and any subsequent Statements of Work. Some are choosing to:

- Write Social Value commitments into the contract and monitor those throughout the lifecycle, emphasis on a collaborative approach to reduce burden and add value and innovation
- Introducing regular reporting, frequency to be proportionate to duration and complexity of contract
- Simply requesting confirmation of a Social Value commitment that would be checked throughout the contract
- Introducing a link to KPIs within performance management, but this would need to ensure that penalties (if any, these are not encouraged) would be kept separate to those linked to contract outcomes

Customers are intending to:

- Engage with all stakeholders
- Trial different approaches as suggestions are received from the market
- Monitor those approaches to determine impact on both parties
- Collaborate across Government to not only share best practice but to champion consistency

How some customers are addressing it

The next three slides illustrate the three main options most customers are reviewing:

Option 1: High level

Social Value – provide evidence of how you are delivering social value using criteria drawn from Procurement Policy note 06/20 (10%)

	Pros	Cons
1	Quick and easy	Evaluation could be difficult
2	Good for SMEs	10% not broken down
3	Not burdensome for supplier orgs as they can choose what suits them	Could be one piece of evidence or ten
4		May not relate to customer vision
5		KPIs may not relate to customer vision

Option 2: Mixed Theme

Theme	Policy outcome	Evaluation question
Covid-19 Recovery	Help local communities to manage and recover from the impact of Covid-19	Describe how you will create employment, re-training and other return to work opportunities for those left unemployed by COVID-19, particularly new opportunities in high growth sectors (4%)
Tackling economic inequality	Create new businesses, new jobs and new skills	Describe how your organisation would recruit, train, retain and support employees and other persons engaged or to be engaged in performance of the contract, and how you would monitor and measure this (2%)
Wellbeing	Improve health and wellbeing	Describe how your organisation would perform the contract to ensure staff mental health, is promoted, and how you would monitor and measure this (2%)
Equal opportunity	Tackle workforce inequality	Describe how your organisation would perform the contract to encourage increased representation of Black, Asian and Minority Ethnic representation in the workforce, and how you would monitor and measure this (2%)

	Pros	Cons
1	Still at a relatively high level.	Generic (although could be tailored)
2	Can choose those that relate to customer organisation	Lower impact on one area
3	Can change the number and the %	
4	Easier to evaluate	
5	Should not be burdensome for suppliers	

Option 3: Specific theme

Theme	Policy outcome	Evaluation question
Tackling economic inequality	Create new businesses, new jobs and new skills	<ul style="list-style-type: none"> - Create opportunities for entrepreneurship and help new, small organisations to grow, supporting economic growth and business creation (2%) - Create employment opportunities particularly for those who face barriers to employment and/or who are located in deprived areas (2%) - Create employment and training opportunities, particularly for people in industries with known skills shortages or in high growth sectors (2%) - Support educational attainment relevant to the contract, including training schemes that address skills gaps and result in recognised qualifications (2%) - Influence staff, suppliers, customers and communities through the delivery of the contract to support employment and skills opportunities in high growth sectors (2%)

	Pros	Cons
1	Potential for bigger impact	Harder for SMEs to achieve
2	Customer focus	May not be relevant to the category or the supplier
3	Could narrow down further e.g. Create opportunities for Industry Placements	Could be repetitive
4	Can change the number and the %	

Cost of Living

What our agreements have in place to support

Each agreement (frameworks and dynamic purchasing systems) has its own approach to pricing and overall management throughout the life of the agreement.

Where it is possible to have rate cards, the agreement will be specific regarding inflation and price increases, the shorter the duration of contract the more stringent the guidance.

RM6126 Research & Insights is a dynamic purchasing system, meaning there are no rate cards nor maximum pricing thresholds, and so remains quiet on the pricing/management of costs aspect, allowing customers much more autonomy. Therefore, instead, we lean heavily on our customer education and guidance in order to encourage best practice amongst government departments.

What we are doing with customers

Guidance, information sessions, templates, forums – all to enable government research commissioners to dig deeper to better understand the real effects of inflation on the goods and services they buy.

We are pushing strongly to tell customers not to be the old fashioned, table-thumping, reduce the cost at any price type of buyer, that's not negotiating or buying fairly, it's blunt bargaining.

We are also being careful to educate customers on the reality of the pressures you are under in this particular market:

- cost of talent/attracting & retaining that talent, inflation (obviously), energy and travel costs soaring
- All aspects of the supply chain, people, raw materials, technology – data collection more expensive/time consuming
- Market will opt for flexibility, proper consideration of costs/inflation, decent timelines, proper budget
- Consider online as far as practicable, paper/envelopes supply chain challenging

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What we are doing with customers

Strongly communicating the aspects to consider for remuneration elements: understand scope, plan & agree costs with supplier, review regularly, be flexible, ensure remuneration structure appropriate (i.e. defined term, project specific, retainer)

We have listened to the feedback you provided and use that in our customer communications, areas such as:

- Allowing for different rates to be applied for different years in multi-year budgets
- Introduce inflation break points within multi-year projects
- Build into all Government research contracts a consistent inflation mechanism to be applied to all contracts e.g., based upon average earnings (see example formula on next page)
- Include scope within contracts to re-negotiate for inflationary impacts

It is also understood that the Public Procurement Review Service is seen as a last resort, but it is there to ensure impartiality and you should feel free to lean on it for support if needs be.

The category teams within CCS (i.e. Amy, Kate and Tas – within the marketing communications and research team) are there to support you, not only with on-boarding but also for any issues you may stumble upon. We send regular bulletins with various ways to contact us.

Cost of Living

How some customers are addressing it

One route is for customers to accept the overall consumer price index inflation for across the board price increases, and there are some examples where this has been used with a simple formula:

Department for Education:

Here are the inflation clauses from DfE's service contract.

5 INDEXATION

5.1 Any amounts or sums in this Agreement which are expressed to be "subject to Indexation" shall be adjusted in accordance with the provisions of this Paragraph 5 to reflect the effects of inflation.

5.2 Where Indexation applies, the relevant adjustment shall be:

- (a) applied on the first day of the second April following the Effective Date and on the first day of April in each subsequent year (each such date an "adjustment date"); and
- (b) determined by multiplying the relevant amount or sum by the percentage increase or changes in the [Consumer Price Index] published for the 12 months ended on the 31 January immediately preceding the relevant adjustment date.

5.3 Except as set out in this Paragraph 5, neither the Charges nor any other costs, expenses, fees or charges shall be adjusted to take account of any inflation, change to exchange rate, change to interest rate or any other factor or element which might otherwise increase the cost to the Supplier or Sub-contractors of the performance of their obligations.



Cost of Living

Another formula example:

A customer ran a competition through RM6126 for a designing, developing, administrating and delivering surveys and received a bid that included caveats on the fixed pricing to take into account inflation in relation to:

- i) the optional extension periods past the initial 2 year contract (first 2 years fixed price will be honoured, the requested caveats are for the optional extensions of 2 x 12 months), and
- ii) postage throughout the contract term if postage cost inflation is annually above 6.5% in 2023, 4% in '24 and 2.5% in '25. (Supplier happy to agree a fixed approach with customer)

The customer believed it to be a reasonable request and was happy to look at accommodating it within the contract. Regarding i) they suggested the following inflation figures used are "the official 12-month average ONS salary and inflation statistics, weighted 2/3 wage inflation and 1/3 CPI (consumer price index) based on Oxford Economics Forecast projections, to reflect our cost base.

What you can do when considering submitting a bid

Really use the clarification period to nail down what will be accepted, what would be open to negotiation, and be clear on what you need from them.

Key takeaways

Your time spent feeding back regarding these issues is not wasted, it is used to great effect within educational sessions for multiple government departments, and for content within our guidance that reaches all central government, wider public sector and arms length bodies/executive agencies. The main punches we deliver as below, buzzwords that they will remember when designing their procurements – this is also shared with our internal procurement team to build into every research procurement they run on behalf of central government departments.

**Proportionate
&
Relevant**

**Clear
Concise
Flexible**

**Timescales
&
Transparency**