cwmpas

For economic and social change

Welsh Government Social value review

May 2022

Contents

Introduction ... 3
Methodology ... 3
Findings ... 4
Definition of social value ... 5
Social value and community benefits ... 6
The meaning of social value to organisations ... 7
Social value and procurement ... 7
Engaging with communities ... 8
Social value within contracts ... 9
Measurement ... 9
Welsh Themes, Measures and Outcomes (TOMs) ... 10
Holistic approach ... 11
Impact on suppliers ... 13
Resources ... 14
Good practice and sharing ... 15
Welsh Government's Role ... 15
Wider Context ... 15
PROCURING WELL-BEING IN WALES: A Review into how the Well-being of Future Generations Act is informing procurement in Wales ... 16
Community Wealth Building in Wales (Various regional reports, Spring 2022) ... 17
Procurement in The Foundational Economy; Economy, Infrastructure and Skills Committee (February 2020) ... 18
Conclusion ... 19
Recommendations ... 19

Introduction

Cwmpas (formerly the Wales Co-operative Centre) was commissioned by the Director of Commercial and Procurement within Welsh Government to map the current social value landscape within Wales.

It was acknowledged that 'social value' is a broad term that has been used to describe the social, environmental, cultural, and economic impacts of actions taken by communities, organisations, governments and individuals. Welsh public sector procurement is one of many powerful levers which have the ability to deliver social value outcomes for the well-being of Wales and we know public bodies in Wales spend over £6 billion each year procuring a range of goods, services and works. This represents nearly a third of total devolved Welsh annual expenditure, and it is estimated that over the next decade Welsh public services will spend over £60 billion.

Methodology

Welsh Government outlined a list of participants that they wanted to take part in the research. Following an email from the Director of Commercial and Procurement, explaining the reason for and scope of the work, the individuals were contacted by Cwmpas and virtual interviews were arranged.

The semi-structured interview questions were agreed with Welsh Government and the interviews were conducted between late January and March 2022.In total, 36 people were interviewed from 18 different organisations, including a number of Welsh Government Departments.

The majority of the interviews were audio recorded and anonymised quotes have been used to illustrate the issues identified.

Findings

There were two prominent findings from the interviews. The first was that the majority of the interviewees thought that the overall picture of social value in Wales was one of confusion, with a lack of consensus on what social value really means. There appears to be confusion at different levels:

- The overall meaning of social value, within a Welsh context.
- How to put social value into practice; both within procurement and at a strategic level.

The following quotes illustrate the confused picture:

"That confusing landscape is really a symptom of how fragmented it's all been".

"There's a lot of noise around social value, different concepts, different agendas, different initiatives".

"All these terms need to be rationalised. So that we are all working from the same sheet".

"Because a lot of people do have different perceptions and they have different perceptions on how they measure it. It will help us across the board if everybody was doing the same".

"I guess there is no current unified approach being implemented and considered and that just leads to confusion".

"Where is the consistent approach that we're going to apply to Wales? there's no standard metric. There's no standard approach and standard reporting. So, you can't have a cohesive picture about what's going on in Wales".

The second issue was that social value, in a Welsh context, has to be viewed through the lens of the Well-being of Future Generations Act (WBFGA), in terms of both the seven well-being goals and the five ways of working. Social value also needs to reflect the social, economic, environmental and cultural outcomes of the Act. Participants highlighted that the social value, as interpreted by the Public Services (Social Value) Act 2012, referred to here as 'the Social Value Act', is English rather than Welsh legislation.

"I think it's the term social value refers to a piece of legislation in England and particularly the Social Value Act. So, here we have the Well-being Future Generations Act which goes further".

A number of participants considered that opportunities to include cultural outcomes are often missed:

"There's definitely a tendency within procurement contracts that culture, the cultural dimension of well-being gets dropped, because what happens is you have the Social Value Act gets adopted and all that fit that social value, but that importantly doesn't reflect the cultural dimension."

The following themes were also highlighted during the interviews:

Definition of social value

A key output of this research is for Welsh Government to start to consider a definition of social value. Participants were asked if and how they were already defining social value within their organisations. We know that there are many different definitions of social value and one participant referred to research that highlighted 18 different definitions.

A small number of organisations have defined social value within their organisations. These definitions are generally viewed within a procurement context. Some organisations are using the Government Commercial College (2020) definition, as outlined in WPPN 01/20: -
'Social Value' is "a broad term used to describe the social, environmental and economic impacts of actions taken by communities, organisations, governments and individuals".

Others are using the definition of social value from Social Value UK:
"Social value is a way of thinking about how scarce resources are allocated and used. It involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is when a public body chooses to award a contract."

However, the majority of organisations we spoke to have not defined social value and are instead looking to Welsh Government to take a lead.

In trying to define social value in a Welsh context, there was agreement that a definition needs to clearly linked to the WBFGA:

"There's a connection between the well-being objectives of the local authority and to how procurement social value can contribute towards these well-being objectives. So, for me, at least, when we look at the definition, it's being able to demonstrate a consideration for the Act, specifically contributing to well-being objectives".

"We have social, environmental, economic, cultural and well-being, on the basis of the clear links to the well-being of future generations, that's the real priority we give to wellbeing to future generations".

"I think the difficult thing is when it comes to defining it is ensuring that doesn't mean different things to different people. Creating one definition is really difficult and then from a Future Generations Act perspective, it's ensuring that there's a consideration to the four dimensions of well-being so that economic, social, environmental and cultural well-being are being considered".

"What is social Value? Well, there's a number of definitions of this. But, there isn't one outlying definitive definition. Everybody's got a different view. So, my take on it, is that in Wales, we've got the Well-being of Future Generations Act that's my starting point.
That's the legislation that we need to implement through all of the things that we do. That's what drives the policy decisions in Welsh Government. It's one of many pieces of legislation, but it's really important and it's something that they don't have in England to end and that we're very fortunate in that we have it here".

Social value and community benefits

Many organisations seemed to use the terms 'social value' and 'community benefits interchangeably, however, overall, it was acknowledged that community benefits is one element of the broader social value concept; as outlined in WPPN 01/20.

"Sometimes we'll start talking about social value, then it'll be the Community Benefits Toolkit, and then it'll be Value Wales. There's quite a lot of interchangeable terms, which I think make it different and causing a lot of confusion".

"That's where it gets messy, doesn't it? It's because we're still using the two terms of both of them have social connotations".

"There has been an explosion, almost, of different language relating to procurement. I think 'community benefits' was quite successful, wasn't it? I know it's been around for quite a few years, but it has been quite successful in terms of sort of organisations adopting it, but obviously, it was very limited in terms of just focusing on the employment and training and I think people recognise that the approach needs to be a lot broader".

"Wales was at the forefront with the community benefits model. The criticism around it was that it wasn't resourced. It wasn't developed. It just stood still and nothing, nothing kind of happened. And then time moves on, and people lead and say, well, this is a much better shiny thing called social value; Let's jump on this bandwagon".

Participants also felt that social value needs to be approached and embedded at a strategic level:

"We completely avoid using the words 'community benefits' because, that community benefits is used at an operational level, but actually social value is much broader than that. And really, social value is about making strategic decisions. It's about influencing, it's about much more than just delivering on the ground. It's about making it and embedding it into absolutely everything that we do and who we are, and why we're doing it".

Interestingly, one participant questioned the term 'social value' and suggested that in a Welsh context, with the clear links to the WBFGA, the term should be; 'well-being benefits', 'well-being values' or 'well-being outcomes'.

The meaning of social value to organisations

Interviewees were asked about the meaning of social value to their organisations. Again, it was clearly evident that the majority of organisations, particularly those from the public sector, were at very different stages in their implementation of social value. For those that were in the process of embedding or had embedded social value within procurement processes and wider policies, there was an emphasis on the value that could be recognised for local communities and shaped by local priorities.

"To me, social value is about how organisations can actually demonstrate that they're spending public money, but, social value should be a way for them to be able to show what are those wider benefits and wider outcomes that they're actually able to deliver through spending this money… it's about the value, the wider value that procurement could and should be leading to".

"It means that we are putting money back into the communities that we live in. So, if we are buying things that can be purchased locally, why wouldn't we? Also, it's looking at ways that suppliers might be able to give some extra value to the local communities".

"It's about making our county a nice place to live for our residents, both now and in the future, as well for our children and our children's children. It's place-based".

"I'd say it's utilising the power that we have in procurement in procuring for the whole of Wales to drive benefit out of those procurements for the communities and citizens of Wales".

"We can spend a lot of time arguing about definitions. when really we just need to get social value achieved. What struck me about social value right at the beginning, is that it's real, it's real value. It's real additional value. We're not just talking about measuring something that's already there, or something we were going to get anyway. We're talking about changing things, to change the way that services are delivered, to change the types of products that we buy, and to change that in a way that is better for the nation of Wales".

"Councillors tend to turn to local priorities. When we speak in social value terms, we tend to speak in what our council objectives are rather than at a Wales level".

Social value and procurement

The majority of the participants who took part in this research worked within procurement teams and they considered initial perceptions of social value were as a procurement function. Organisations now recognise that social value is a broader term with a far wider remit and that it needs to be embedded throughout the organisation. Although this is acknowledged, many organisations are still at an early stage of developing their approach to social value both at an organisational level and within their procurement function.

"I don't think it's any coincidence that when we talk about social value, we tend to do it in a procurement context. The two seem to be very, very tightly interwoven. Which almost makes social value a procurement problem".

"Really, it's just how do we do procurement better. How do we improve the way we deliver procurement? And how can we help to deliver our leaders' policies through the medium of procurement and social value is part of the answer to that".

"My view is that procurement isn't just one person whose job anyway, no, so effective procurement involves cross-functional teams from within your organisation and beyond actually. I suppose that means social value in delivery, maximising social value, isn't one person's struggle, actually it is wider".

In order to utilise social value within procurement, some organisations had developed processes for commissioners and purchasers to start thinking about social value as early as possible within the procurement planning process. Participants highlighted that effort and resource is required to embed social value. This included training and awareness-raising as well as support for staff procuring goods and services. Processes need to be in place to allow staff procuring goods and services to consult and plan the procurement process, as early as possible, with consideration of social value.

"It's about planning the process and what social value we want to achieve from it. As commissioners, we are placed at the heart of that and we really need to understand who our stakeholders are, who our communities are, going deeper into the root of that and create our services that are fit for the future and then involve all suppliers through procurement and thereafter as well".

Engaging with communities

Many of the interviewees emphasised the need to engage with communities to deliver and maximise benefits.

"What we mean by social value, because as contracting authorities, the danger is that we try to pre-empt what social value means and what communities need without actually engaging with them. We might say that in this contract, we're going to create 15 apprenticeships, but actually apprenticeships isn't the priority for a particular community, it's not appropriate".

"If we just engage with the community, if we engage with community groups or local councils, finding if there is a real need for something, actually, we should know that something is related to the subject matter of the contract and that's what we should be delivering as social value. That's what people will find important".

It was also acknowledged that many public sector bodies would like to see community engagement integrated into procurement processes. One participant also felt that

consideration should be given to engaging with communities after the contract had been delivered to gain insight into how those social values measured had impacted on the perceived beneficiaries.

Social value within contracts

Of the organisations we spoke to, which were including social value or community benefits within tenders, nearly all were scoring these elements. The weighting varied between 10% and 15%. The evaluation methods also differed. Some were using software systems, some had developed evaluation matrices and some were using subjective assessments.

Measurement

Some local authorities have developed their own bespoke measurement systems, using open procurement, supported by in-house knowledge, skills and resources. Implementing a new system of course takes time and effort. For example, one respondent explained that this process had taken over two years, however, the system now in place met their requirements and could be used for both qualitative and quantitative measurement, based on their own social value framework.

Respondents considered there to be a focus on fiscal measures in terms of how they are currently measuring social value. However, they would support the development of qualitative reporting approaches to provide a more rounded picture.

"For me, there's pure quantitative measures. I know why people rely on them in this you've got an objective measure, but it doesn't always actually really tell the story, it doesn't demonstrate outcomes and you can hit quantitative measures without actually making much difference; they can become almost a perverse incentive".

"a balance between quantity and that kind of qualitative telling story, so that you're telling the real story about the impact. It's hard not just counting the gains, because I think sometimes you can count the beans and put those in. For example, we took on 15 apprentices, but actually only five finished the apprenticeship, it's very easy to fudge the figures, isn't it".

Welsh Themes, Measures and Outcomes (TOMs)

There were clear concerns about the Welsh TOMs, with many respondents feeling that they were too associated with a commercial partner.

"We perceived that everybody would use this approach and phase out the community benefits and focus on the TOMs and that hasn't been happening. There has definitely been a lot of inconsistency because of the implementation of it, but I think that's our concern or frustration".

"What's worried me is that people are so desperate to get an answer for social value, to help them with their day-to-day jobs and we've ended up with this commercial model. Now, whether it's good or not, the way that it's all been done isn't really how it should be done in the public sector, is that special treatment is now being given to a particular company and they've now got the monopoly".

"...it's important to differentiate between the Welsh national TOMs and Social Value Portal".

"I'm actually quite resistant to alternatives to the TOMs, I think we have the TOMs and we just use those. I think that the issue then becomes conflated with the business case for Social Value Portal, which is just one provider is one supplier out there".

"I think that people are seeing it as SVP, they are too associated with it. In some ways, That seems to be a lot of the problem".

"Social Value Portal's hard sell has been really criticised. And the cost aspect around it in terms of the TOMSs themselves. It's been mixed. I'm surprised that there hasn't been more uptake. When we started this work. There was criticism around the Community Benefits Toolkit around being a clunky spreadsheet. And, if the TOMs are utilised as a spreadsheet, it doesn't reduce any of the criticisms, I think around the Community Benefits Toolkit. The there's has been mixed approach to implementing them".

"Then we go into the thing about Social Value Portal, and I've got my views on that. I don't think that it should ever have got into the situation where we had the relationship that developed to such an extent without any contractual obligations without any sort of conversation around intellectual property rights. The public sector has given its time and effort freely into something that is now a commercially viable product for a commercial provider. And, I just think it's a disgrace".

The quote above highlights that a lot of time and effort has gone into formulating the Welsh TOMs, by a variety of public sector organisations, including; the WLGA and the Office of the Future Generations Commissioner for Wales.

A number of local authorities are trialling the TOMs and this approach seems to be working satisfactorily in a number of procurement areas. One organisation was using the TOMs spreadsheet:

"We've lifted information from the Welsh TOMs and put it all together into an Excel spreadsheet. Then we're using that basis. So, we've commissioned Social Value Portal to do some presentations for us and webinars, just to educate the procurement team as to what social value is, but we're not going down the Social Value Portal route. We are doing it all offline. We put it into tenders ourselves".

One interviewee raised the point about the maintenance of the TOMs:-

"I would be concerned about how do you know that those metrics are maintained and they're monitored and they are accurate? And they are being maintained on a sort of rolling basis, every time the inflation rate changes for something, whatever time that the statistics change ultimate that that should be measured? Who does that? They tell us that they do it for free, and they're doing it as part of this project, but who checks?"

Another participant highlighted:-

"I think it's great to have this national measurement set. But, you can almost see everyone's diluting it. Now everyone's changing it. So, actually, it looks completely different".

There also seems to be a consensus that the TOMs approach does not work in every procurement setting, with social care being the biggest area of concern. Local authority procurement professionals working in this field raised the approaches outlined in the Social Services and Well-being (Wales) Act 2014 (SSWBA) and, in particular, Section 16 which relates to social value models of delivery; with these models having a different meaning and approach to social value in its more general procurement sense.

Holistic approach

A number of local authorities have already embedded social value in their strategies, policies and procurement functions which could see the benefits of this approach.

"...what we say that social value is everyone's responsibility. It's not just mine, although I drive a manager and ensure compliance. It is everyone's responsibility within the Council".

"We have a lead councillor for social value, who is very much part of the journey and very involved and supportive. We have support from senior management and cabinet as well. This means that our approach to social value has progressed quickly and holistically because of their support".

"Social value gives us more of a drive I suppose, part that, we have to do this across the organisation regardless of the legislation, because of the senior management, buy in and passion for this, it's really been all across the whole organisation in terms of this is just what we do every day. It's been so fantastic to see because actually, cultural change is usually so slow to progress, but actually, it's been it's really quick".

"If procurement is a team game, from across the organisation, then actually, social value then doesn't become a procurement issue".

"If social value is only done 'in pockets', if it's done just in procurement or just at a contract management stage then there is limited effectiveness or missed opportunities. So, to have a social value officer, feeding into the development of wellbeing objectives, in the development of corporate plans and strategies is a positive approach".

"…procurement is sometimes still referred to as sort of that backroom function but making it really clear the impact that procurement outcomes have on a community. And that perhaps requires sometimes a little bit more innovative thinking or a little bit more sort of thought planning and also having procurement at a strategic level makes a real difference in terms of impact".

"Our corporate objectives are changing. We've come in at the right time, we've consulted with the team that are dealing with the corporate strategy and saying these are what we're thinking need to go in for social value. We've included our sustainability team, too. So, we've got that buy in from everybody, really making sure that social value aligns to our corporate values and objectives".

Of the local authorities that had written social value strategies, the following areas were highlighted:

- Decarbonisation and meeting Net Zero stipulations
- Community benefits, long-term unemployment and apprenticeships
- Ethical employment
- Fair Work
- Local business and national economy
- Social commitment in supply chains
- Community Wealth Building
- Foundational economy
- Circular economy
- Links to the WBFGA priorities and the SSWBA, links to Public Service Board (PSB) priorities and council plans.

It was also acknowledged that to get organisational 'buy in' to social value, wider policies and procedures need to be supported by education and training.

Impact on suppliers

The different approaches to social value within the Welsh public sector is also having an impact on suppliers, particularly local suppliers. There is also, generally, a cost implication for suppliers if they have to purchase measurement software.

"The complaints you get back from suppliers is the lack of consistency in the approaches. 'I live in Council A you could get Council A doing one thing and Council B, 10 miles down the road doing something completely different' and you've got a supplier working in both is having to do two separate things. So, there is a lack of joined up thinking".

"At the moment when you open that spreadsheet, it's horrifying. You see all those questions. It's horrifying for us as procurement people, but if you can imagine a small supplier, opening up that spreadsheet and seeing all those terms".

"One thing I've got against the Social Value Portal really is suppliers are going to have to pay for it. The winning bidder is going to have to pay a fee and we don't want to alienate SMEs more than they already are in terms of having bureaucracy and financial penalties in place. I know they might have won the contract, but for us, our contracts are fairly low-value in comparison to [the] local authority. So even if they have to pay a few hundred pounds, it would be too much for some local SMEs".

It was also considered that many SMEs do not have the skills required to complete the social value elements of the tender documentation:

"I think the key factor in all of this, is that there's no point in all local authorities issuing tenders with the TOMs and social value measures in them if the markets can't respond to it".

"We make social value simple to be able to attract our local companies and local suppliers to engage because we found that a lot of our local suppliers, when they see an over-complicated approach, it actually stops them from bidding".

In order to procure local suppliers, one public sector organisation working across a number of different counties, was planning to develop individual frameworks per trade specialism, such as electricians, painters etc. The various lots would be tendered at a county level and businesses could only apply for the tender in one county. They considered this could serve as a blueprint for the future.

Resources

It was clear that many procurement teams had lost members of staff, particularly at a senior level, and this was affecting the implementation of social value approaches within procurement:

"If we take a 20-year perspective of the professional procurement landscape in Wales, when directors of procurement have moved on or retired, they haven't been [directly] replaced. So, they've been replaced with a lower level in the organisation, and then they've been organisationally subordinated to directors of finance and in the DNA of directors of finance, they are always looking for cost savings. They frame procurement as a cost saving exercise, rather than a value-creating exercise and that goes right into the deep DNA culture of organisations".

"The council has been affected with the change of all the chief officers and also our team has been in flux because three line-managers all left within a month of each other. We've stabilised [the] team recently and we are looking to completely revamp process for social value. We're not where we would like to be".

"Many procurement departments are really small, they do have trouble in just keeping their head above water in the sort of repetitive tender and they do it that alone introducing loads of new policies and objectives".

A small number of public sector bodies have been able to allocate resources to social value, particularly social value officer posts and contract management positions. Where this has happened, it appeared to have significantly benefitted the implementation of social value within procurement, contract management and the wider organisation.

"There is the investment of the resources, we have a specific social value officer post and as an authority we are being pioneers and innovators and we've got the support internally to do that, to be a little bit creative".

"From the first of April, there will be a contract management support service team in place. And the goal of that is to deliver all things from what we've worked up social value will be a measure when you're looking at the contracts in totality. Everything that gets measured through the contract will be measured through the contract management team. And social value is no different to part of a contractual aspects that will also be delivered. So, as par of the course, we're going to get we're getting better at contract management and social value is one of those aspects".

Good practice and sharing

The majority of participants would like the opportunity to share and learn from good practice:

"I think that's what Sophie Howe's review kind of pointed to that by saying we've had this community benefits and no one's been sharing the good practice or talking about nobody knew. It's like a dark hole".

"We don't seem to find people willing to share what they've done. I think some of that stems from the fact that everybody's on a journey at the moment, it seems to be everybody still in the same position as us and nobody actually wants to make commitments".

Welsh Government's Role

Public sector bodies in Wales want Welsh Government to take ownership of social value. Many feel that the lack of leadership, particularly in the last few years, has resulted in the confused picture that currently exists, and the development of the Welsh TOMs has played a key part in this confusion.

"My message to Welsh Government is that you should have done all of this in-house. You've got all of the expertise, you've got all of the know-how digitally, you should be keeping your own data, you shouldn't be outsourcing it to somebody else, and building up their own business intelligence".

"There is no political leadership in the procurement team to go down the road of social value".

"Worrying, I think, and that's where Welsh Government needs to kind of have a bit of a wakeup call because these are trained, experienced procurement professionals, they're struggling".

Wider Context

When considering how to move forward, in terms, of social value the wider legislative and policy environment also needs to be considered, including:

- Procurement reform
- Social Partnership and Public Procurement (Wales) Bill; with an emphasis on socially responsible procurement and fair work.
- Socio-economic duty.
- The Co-operation Agreement 2021 and the updated Programme for Government, which promotes the purchasing of made-in-Wales products and services.
- The Wales Procurement Policy Statement (WPPS)
- WPPS Action Plan; most notably the actions detailed in principles 1,3,7 and 10.
- The Foundational Economy and the Well-being Economy approaches.

One participant noted:

"I suppose if you look at some of the, the policy initiatives that we that we've developed over the years, a lot of the work links to the foundational economy, the Well-being of Future Generations Act. All of these policy drivers are aimed at making sure that we thought that the Welsh pound is remaining within Wales, and we're maximising the value for our communities.

"And so, I think a lot of a lot of our policy initiatives, really give support social value, but I just think, because there is no clear definition of what social value is and what it means practically for contracting authorities and for suppliers".

There have also been a number of other reports highlighting social value in a procurement context, such as:

PROCURING WELL-BEING IN WALES: A Review into how the Well-being of Future Generations Act is informing procurement in Wales

This report, published in February 2021, made a number of recommendations to Welsh Government and although these recommendations were focussed on the implementation of the WBFGA, they also have a clear alignment with the implementation of social value. The recommendations included the following statements:

'Welsh Government should establish a Procurement Centre of Excellence for improving coordination, collaboration and providing practical support to public bodies in the exercise of their procurement functions, specifically in relation to the Act. Development of this Centre of Excellence would require a comprehensive review and reform of the existing procurement landscape (structures, networks, partnerships and initiatives) and be resourced to build capacity and support implementation.'

'There is poor communication and integration between different Welsh Government priorities, alongside lack of support available for public bodies to ensure these are implemented effectively on the ground; Welsh Government should review all guidance and toolkits that are currently in place to support sustainable procurement and measure/monitor community benefits and/or social value, and publish a clear plan outlining how these will be revised and consolidated to enable a consistent approach for public bodies to report on the wellbeing outcomes being achieved.'

'Opportunities for making spend work harder are being missed due to lack of support for the procurement profession and lack of accountability at a leadership level'.

'There is no ongoing monitoring of procurement approaches or outcomes either for the purposes of spotting where things are going wrong, and opportunities are being missed, or for identifying and sharing best practice'.

'Opportunities to deliver on all four dimensions of well-being are not being maximised, often due to lack of leadership and strategic approach that recognises the 'power of purchase'.

'The 'procurement system' too often leads to a focus on process and short-term cost rather than delivering wider outcomes over the long-term, and there is no consistent way of measuring the outcomes that can be achieved in line with the Act. There needs to be a shift to considering long term costs holistically, in line with the Act'.

'There is no mechanism for promoting effective collaboration for public bodies, particularly cross-sector to improve sharing, learning, capacity and skills'.

Community Wealth Building in Wales (Various regional reports, Spring 2022)

The work undertaken by the Centre for Local Economic Strategies (CLES) focussed on progressive procurement. The work took place at a PSB cluster level and the recently published regional reports make a number of recommendations relating to social value, such as:

'Ensuring a proportionate approach to community benefits and social value, so as to maximise the social value benefits from larger contracts whist not creating additional burdens for smaller, local suppliers'.

In relation to food procurement:
'CLES's view the key lever to drive change through public sector procurement of food going forward is through placing more emphasis on social value versus price in procurement decision-making. This approach should be policy-led with procurement approaches supporting agreed policy objectives, and not solely procurement-led'.

'As mentioned previously, food has the potential to impact right across the Well-being Goals. There is an opportunity for partners across the PSB to agree their priorities in this respect (provenance, public health, carbon reduction etc.) and develop social value weightings accordingly, considering a bolder approach – for example, of 20-30% or more social value weighting'.

Procurement in The Foundational Economy; Economy, Infrastructure and Skills Committee (February 2020)

This paragraphs below, taken from this report, highlight a number of issues relating to social value:

'The barriers to driving social value through public procurement are well known - they include a lack of skills and capacity, difficulty in measuring outcomes and sharing best practice, and a lack of leadership to raise the status of procurement and mainstream the drive for social value within procuring bodies.'

'Applying strong social value criteria to the bidding process is widely recognised as good practice, but it is also important to have a good system for evaluating contractor delivery and performance, for example on whether contractors are actually hitting targets for apprenticeships and training that they have signed up to as part of the bidding and contracting process.'

Conclusion

The findings outlined in this report should come as no surprise and this research has confirmed the confused 'social value landscape' that exists in Wales. In terms of moving the discussions forward, public sector bodies are looking to Welsh Government to provide clear leadership and direction.

Welsh Government should keep stakeholders up-to-date with their aims and plans in relation to social value, highlighting timescales and key milestones. As the discussion evolves Welsh Government must also ensure that a diverse group of stakeholders are involved.

The recommendations outlined below were discussed and amended following two workshops with a limited number of key stakeholders. The stakeholders that attended the workshops had all taken part in the interviews phase of this research.

Recommendations

1. From a procurement perspective, Welsh Government should take the lead role for a Wales wide approach to social value and resource this commitment effectively.

2. Social value needs to be clearly defined, in a Welsh context. This definition should contain social (including fair work), economic, environmental and cultural elements.

3. Participants evaluated that in Wales we have the Well-being of Future Generations Act as a legislative driver rather than the Social Value Act, and this is the lens that social value has to be viewed through. Therefore, it is recommended that consideration is given to using the terms well-being value/benefits/outcomes rather than social value, in Wales.

4. The methodology to measure social value, within the Welsh public sector, needs to be consistent. Welsh Government need to take the lead in this area. In practical terms this is likely to mean that support will need to be provided to ensure consistent application and adoption.

5. The format and guidance for reporting social value also needs to be consistent across Wales. Consideration should be given as to how this would compliment or impact on other reporting requirements, such as those required by the WBFGA.
Qualitative and quantitative approaches should be used to measure and report social value. Guidance to support reporting to be developed. There is an opportunity to report social value centrally and this would allow the sharing of good practice, evaluation and learning.

6. Any new approach to social value should align with the forthcoming Social Partnership and Public Procurement (Wales) Bill and procurement reform. There is again an opportunity to align terminology and reporting, too.

7.There is a need for ongoing support for procurers, buyers and suppliers.

Generally, procurement teams are under resourced, this needs to be considered as the social value approach develops.

Contract management is key to realising and reporting social value. In many public sector organisations, this is under resourced. This also needs to be thought about as ideas progress.

There needs to be processes in place to allow procurement teams to develop skills and capacity.

Mechanisms also need to be in place to share good practice. This could be through a community of practice or through the adaption of existing networks.

The supplier market and business support agencies need to be kept updated of likely implications, as well as proposed timescales and changes.

Note: no reference has been made to the role of the proposed National Procurement Centre of Excellence, as it was considered that discussions about the Centre were still at an early stage.

cwmpas

T: 07771 924 290
E: sarah.evans@cwmpas.coop

cwmpas.coop

Cwmpas is a registered society under the Co-operative and Community Benefit Societies Act 2014, number 24287 R.

Cwmpas is a registered society under the Co-operative and Community Benefit Societies Act 2014, number 24287 R.