



Improving Social Value in Technology Procurement

November 2023

Foreword

From running digital skills and digital inclusion initiatives across the country to supplying computer devices for students and teachers during the pandemic, tech companies have long been committed to making positive contributions to society. techUK and our members are unequivocal in supporting the government's social value policy in procurement purpose.

However, the current system is imperfect and has proven challenging for procurers and suppliers alike. This report highlights suppliers' perspectives and the experiences of techUK's members as they respond to social value in tech procurements. It explores the challenges and opportunities of the current policy and offers proposals to improve how social value gets delivered via central government technology procurements. The prize for getting this right is twofold; 1) greater positive impact across the Government's social value priorities because of a more cohesive approach and 2) the lowering of social value as a barrier to greater SME involvement in public procurements.

techUK's Public Services Board, consisting of senior executives from a diverse range of tech suppliers, commissioned Henham Strategy to undertake both quantitative and qualitative analysis of over 100 techUK members active in the public sector market. As this report shows, suppliers consider there is little consistency across central government departments in their approach to social value and there is inadequate feedback for unsuccessful bidders. Of particular note, SMEs struggle with responding to social value requirements, with only 45% of SME survey respondents reporting high confidence in addressing social value in bids. This contrasts with 80% for larger companies.

To address the sector's concerns and make tangible improvements to the way the policy gets implemented, a representative group of techUK members and relevant Cabinet Office colleagues has recently formed a Social Value Committee. This working group has begun to address the most persistent deficiencies in the way procuring authorities specify, evaluate and monitor delivery of social value in tech procurements and contracts. Our joint work has begun to address some of the recommendations in this report. techUK has contributed to the Cabinet Office's review and update to the guidance for departmental commercial teams on social value in tech procurement. We are hopeful that a new social value matrix will be widely adopted and used by tech procuring officials. This matrix has been developed by our members and helps identify appropriate social value award criteria to be used when procuring specific categories of tech goods or services (e.g. software, hardware, telco, digital specialists) as it indicates the relevance of the supplier's ability to deliver social value.

While progress with Cabinet Office is encouraging, there remains significant scope and opportunity to secure better social value outcomes from tech procurements and contracts let by the breadth of the civil service. This report adds to the nascent body of evidence on the impact of the social value policy on technology focused procurement. techUK members want to see this policy succeed and want to ensure that social value outcomes are maximised. As such, I look forward to carrying forward the recommendations of the report and will work with Cabinet Office and central government contracting authorities to carry them out.

Sincerely,



Matthew Evans,
Director, Markets
techUK

Introduction

Government procured over £80bn of goods and services in FY 21/22. Social value has been a requirement in public sector procurement since 2013, and a determinant of public procurement outcomes since 2020. However, techUK members have strong concerns about how the policy is operating within central government technology procurement. This report aims to articulate those concerns and to suggest constructive and practical recommendations of how the policy's implementation can be improved. This paper is aimed at political stakeholders, and Commercial and Digital Data and Technology senior officials within Whitehall.

As outlined in previous techUK reports – including '[Getting IT Done: Public Sector Suppliers' Perspectives](#)' and '[UK tech plan: How the next government can use technology to build a better Britain](#)' – the technology industry is supportive of central government's focus on social value and wants to play a full role in outlining how technology solutions deliver broader social value, alongside value for money. Progress has been made by central government in its understanding of how best to procure data and technology solutions. In 2022, 8 out of 10 techUK members provided a positive response when asked whether the level of commercial knowledge and understanding of data and tech had improved within central government, with respondents noting the strong functional leadership demonstrated by the Crown Commercial Service (CCS)¹.

However, much more needs to be done. As central government's procurement methods have evolved to consider the latest data and tech developments, social value has not kept pace. The tech industry and techUK members currently view that within government departments social value is not achieving the policy outcomes intended through the social value model.

- Communication from government needs to improve – before, during and after contracts are awarded.
- There needs to be a more strategic discussion with the sector to improve how social value is delivered.
- There is a lack of consistency in social value approach within Whitehall, and there is a [lack of capability](#) amongst those responsible for delivering social value.
- There is no clear or available data on how much the technology sector spends in delivering social value requirements, nor any published assessment of the impact of suppliers' social value commitments.
- Scrutiny of social value is difficult, at best.

techUK has undertaken a robust research and engagement exercise to present the compelling case for change when it comes to central government's social value procurement practices. 135 techUK members have been engaged in the drafting of this paper – from innovative SMEs to the largest multinationals, contributing through interviews, focus groups and survey responses. This in-depth research has surfaced several recommendations which we believe can improve how social value is dealt with in central government technology procurement.

¹ techUK (2022). Getting It Done: Public Sector Suppliers Perspectives. Source: [Getting-IT-Done-a-techUK-Dods-Research-Report \(2\).pdf](#)

These recommendations include:

- **The Public Accounts Committee and National Audit Office undertaking a full evaluation of how the social value model** is performing against its objectives and providing value for money. Any such assessment should look at the ease with which different sectors are able to deliver social value objectives.
- **The development of a joint government and industry ‘social value playbook’.** This would set out clear and consistent guidance on how to integrate social value into procurement processes, and support the provision of adequate training for commercial staff across Whitehall. The playbook might include drawing on social value best practice already seen in Northern Ireland. This guidance could be quickly developed by the recently formed Cabinet Office–techUK social value working group, with input from commercial and DDaT officials.
- **Enhancing industry stakeholder engagement through more consistent and collaborative interactions:** in the pre-market phase, to mitigate misinterpretation and encourage informed delivery; post contract award, to ensure businesses understand why they have got the social value marks they received; and, finally, at a more strategic level to continue to develop how social value policy is applied.
- **Removing COVID-19** as a key theme in social value considerations.
- **Developing robust monitoring and evaluation mechanisms** to ensure that social value is being delivered through technology procurement processes, once contracts are signed.
- **Adopting the techUK buyer’s checklist** as a standard practice for public sector buyers.
- **Taking advantage of new legislation in the Procurement Bill** so buyers can take a more proportionate approach to tenders (for example, where potential suppliers are of a different size).
- **Requiring all government bodies and departments** to provide an annual statement of social value achievements and any re-setting of policy approach, priorities and objectives.

Executive Summary

As we approach the three-year mark since central government's Social Value Framework came into effect, it is important to reflect upon the lessons learned so far in order to improve the implementation of the policy – and to maximise its impact.

Social value has been a requirement in public sector procurement since 2013, and a determinant of public procurement outcomes since 2020.

Members have been and continue to be entirely supportive of the **policy intent**, yet are concerned that the current social value model is **not delivering on the government's objectives**, leading to additional costs for the taxpayer and higher barriers to entry for firms seeking to supply the public sector, in exchange for uncertain social value outcomes that have not been properly evaluated.

While the policy might be easily applied in some sectors of the government's supply chain, there is a nuance required for its application in the tech sector. For example, it might be difficult for a cloud service provider who operates remotely to deliver location specific social value outputs.

techUK Members Engaged

135



techUK's Central Recommendation

The Public Accounts Committee and National Audit Office should undertake a **full evaluation of how the social value model** is performing against its objectives and providing value for money. Any such assessment should look at the ease with which different sectors are able to deliver social value objectives.



*The industry and techUK members currently believe there is **inconsistent understanding, application and commitment to the policy by procuring authorities**. This not only impacts on supplier confidence in the appropriateness and fairness of tender specification and evaluation, it also leaves suppliers concerned that social policy outcomes will not be delivered.*

The Paper's Audience

Politicians

Commercial and Digital Data
and Technology Senior
Officials

techUK's central recommendation – and those presented below – are consistent with the current views of the tech industry. techUK urges politicians and civil servants to act, to ensure social value objectives are delivered.



Prevailing social value procurement challenges include the lack of...

- A clear understanding and application of social value. For example, COVID-19 is still published as a key social value consideration for buyers – it should be removed.
- A clear framework for measuring and evaluating social value.
- Guidance on how to integrate social value into procurement processes.
- Meaningful engagement between officials and suppliers to identify social value criteria that are tech sector relevant, measurable and deliverable.
- Appropriate specification of social value requirements within tender requirements and monitoring the delivery of social value elements for tech goods and services.
- Consistency of approach across departments.
- Parliamentary scrutiny of social value.



Social Value procurement opportunities include...

- The growing support and interest in social value from the tech industry.
- The increasing availability of data and metrics on social value.
- The development of new tools and techniques for measuring and evaluating social value.
- The growing recognition of the importance of social value by politicians and civil servants.

Broader Recommendations

techUK, alongside Henham Strategy, led interviews, focus groups and collated survey responses from over 100 tech companies – including innovative SMEs, mid-sized firms and large multinationals – leading to the following **social value recommendations** government should consider:

- **The development of a joint government and industry ‘social value playbook’.** This would set out clear and consistent guidance on how to integrate social value into procurement processes, and support the provision of adequate training for commercial staff across Whitehall. The playbook might include drawing on social value best practice already seen in Northern Ireland. This guidance could be quickly developed by the recently formed Cabinet Office–techUK social value working group, with input from commercial and DDaT officials.
- **Enhancing industry stakeholder engagement through more consistent and collaborative interactions:** in the pre-market phase, to mitigate misinterpretation and encourage informed delivery; post contract award, to ensure businesses understand why they have got the social value marks they received; and, finally, at a more strategic level to continue to develop how social value policy is applied.
- **Removing COVID-19** as a key theme in social value considerations.
- **Developing robust monitoring and evaluation mechanisms** to ensure that social value is being delivered through technology procurement processes, once contracts are signed.
- **Adopting the techUK buyer’s checklist** as a standard practice for public sector buyers.
- **Taking advantage of new legislation in the Procurement Bill** so buyers can take a more proportionate approach to tenders (for example, where potential suppliers are of a different size).
- **Requiring all government bodies and departments** to provide an annual statement of social value achievements and any re-setting of policy approach, priorities and objectives.

Background: Why is Social Value Important?

The concept of social value has been around for centuries, but it has only been in recent years that it has been incorporated into public procurement practices. This is due in part to the recognition that public procurement can be a powerful tool for social good, and in part to the increasing demand from citizens and businesses for governments to be more transparent and accountable in their spending.

The term "social value" is often used interchangeably with terms such as "social impact" and "public value". However, there is no single agreed-upon definition of social value. In general, social value can be defined as the positive impact that a product, service, or activity has on society. This impact can be measured in terms of a variety of factors, such as economic benefits, environmental benefits, and social benefits.

Public procurement is governed by a set of rules and regulations that are designed to ensure that the government gets the best possible value for its money. Successive governments have increasingly realised that public procurement can be used to achieve a variety of social and environmental goals.

Central government procured [£80bn](#) of goods and services in FY 21/22. Technology is critical to delivering public services, be it providing software, hardware or consultancy. techUK members, are a major player in the public procurement landscape.

There are several challenges that need to be addressed to realise the potential of social value, as a core part of central government technology procurement:

- There is a lack of clarity and consistency in the way that social value is defined and measured. This can make it difficult for businesses to understand what is expected of them, and to demonstrate the social value of their products and services when bidding for contracts.
- There is a lack of engagement between governments and businesses on social value. In many cases, businesses are not consulted early or fully enough in the procurement process, which can make it difficult for them to incorporate social value considerations into their bids. This difficulty is reported by small and large businesses alike. There is a lack of consistency in the feedback provided by departments to unsuccessful suppliers on their social value submissions. This makes it difficult for sellers to understand how they can improve future bids.
- There is a need for more research and evidence on the impact of social value procurement. This will help to demonstrate the value of social value to governments and businesses, and to inform the development of best practices. Practical steps here could include an annual published capability report, assessing the performance of Whitehall Departments in the implementation of social value.
- This lack of evidence, in turn, makes parliamentary scrutiny of social value performance much more difficult. The Public Accounts Committee may wish to call upon the National Audit Office to review whether social value is currently fit for purpose and the ease with which it can be implemented in different sectors.
- Finally, one recent trend that has emerged as part of larger procurement lots, is that bidders are being required to provide services that would not normally be considered part of a social value commitment, such as offering routine digital skills training to staff working for the procuring body. In other words, offsetting for what would normally be considered general expenditure.

The latest guidance and the government position on social value

In September 2020, the Cabinet Office and Department for Culture, Media and Sport (DCMS) published [Procurement Policy Note 06/20](#) which launched a new model to deliver social value through the central government's commercial activities. This stipulated that social value should be explicitly evaluated in **all central government procurement**, rather than just 'considered' as required through the Public Services (Social Value) Act 2012. In effect, this guidance provides the baseline for social value.

In 2021/22, public sector procurement expenditure in the UK amounted to **£379 billion**. This marked a growth of £24 billion or 7% when compared to the previous fiscal year. Whilst social value in and of itself does not represent 10% of this expenditure, it does represent 10% of the assessment value attributed when procurement panels decide which supplier should be awarded a contract. There is no published or available data on how much money is spent by suppliers delivering social value requirements, nor how effective social value schemes are.

As the current social value baseline within central government procurement, the social value delivery model was also developed with local government best practise in mind and articulates priority areas for social value delivery in public procurement. From a menu of policy themes and outcomes, commercial teams within central government departments are expected to select objectives that are relevant and proportionate to procurements. As already highlighted, in this paper, we focus on technology procurement within central government.

Application of the model is mandatory in central government, but commercial teams have flexibility in deciding which of the outcomes should be applied to their procurement to ensure relevance and proportionality. A minimum weight of 10% of the total score for social value is expected to be applied within procurements, and a higher weight can be applied if justified. Feedback from techUK members has highlighted that COVID-19 is perceived as a redundant theme; officials may wish to consider removing it from the model.

The policy themes and outcomes menu adhered to through the social value delivery model is listed below:

Theme	Policy Outcome
COVID-19 Recovery	Help local communities to manage and recover from the impact of COVID-19
Tackling Economic Inequality	Create new businesses, jobs and skills Increase supply chain resilience and capacity
Fighting Climate Change	Effective stewardship of the environment
Equal Opportunity	Reduce the disability employment gap Tackle Workforce Inequality

Wellbeing	Improve health and wellbeing Improve community integration
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With nearly three years of the social value model being delivered in practice, there is a consensus from techUK members that social value is not being delivered in the way it should, nor in the way it was intended.

Research Findings

This chapter presents the findings from our primary research, and an accompanying literature review into the integration of social value into technology procurement by central government. The study involved a variety of research methods, including interviews, surveys, and benchmarking.

Research Methods

Our research was conducted in three phases:

1. A literature review to identify the key concepts and issues related to social value procurement.
2. A survey of 124 techUK members to gather the perspectives of technology companies on social value procurement.
3. Interviews and a focus group with industry experts to gain a deeper understanding of the challenges and opportunities of social value procurement.

Our research was also underpinned by an illustrative review of how social value is approached in four other markets: Estonia, the Netherlands, the Republic of Ireland, and Northern Ireland. These international comparisons are discussed in the next chapter.

Literature Review

The literature on social value procurement is growing, but there is still a lack of consensus on a number of key issues. Two recent papers that provide valuable insights are ["Getting IT Done: The Role of Social Value in Technology Procurement"](#) by techUK (2022) and ["The Price of Everything, the Social Value of Nothing: How the Social Value Act Damages British Procurement"](#) by the Adam Smith Institute (2023).

["Getting IT Done"](#) argues that social value procurement can help to achieve a number of government objectives, such as reducing poverty, improving social mobility, and creating a more sustainable economy. The paper also identifies a number of challenges to the effective integration of social value into technology procurement, such as the lack of clear guidance, the lack of engagement with industry stakeholders, and the lack of monitoring and evaluation mechanisms. The report also finds problems regarding the contract-by-contract approach, stating that suppliers, especially SMEs, struggle to align company-wide social initiatives with contract criteria, leading some to reduce their overall ESG commitments just to fit the rigid scope of social value.

["The Price of Everything"](#) argues that the Social Value Act, which requires public sector organisations to consider social value when making procurement decisions, is a flawed policy that will ultimately lead to higher costs and lower quality services. The paper also argues that the Act is too vague and that it does not provide clear guidance on how to measure and evaluate social value.

Both of these papers provide valuable insight into the challenges and opportunities of social value procurement. "Getting IT Done" provides a more optimistic view of the potential benefits of social value procurement, while "The Price of Everything" is more critical of the policy. Ultimately, the effectiveness of social value procurement will depend on how it is implemented in practice.

Survey Findings

124	
techUK members surveyed	

42	80
SMEs	Larger Businesses

**2 members preferred not to disclose their size.*

The survey found that most technology companies are interested in social value procurement, but that there is a lack of understanding of how to effectively integrate social value into procurement processes.

This lack of understanding is particularly significant when considering the size of organisation looking to secure government work. As outlined in Figure 1 below, techUK’s members were asked to rank (on a scale of 1-10, with 1 being ‘very limited’ and 10 being ‘very strong’) the extent to which they have an understanding of how best to respond to social value considerations within ‘Invitations to Tender’. The results suggest that SMEs find it much more challenging to understand how best to respond to ‘Invitations to Tender’:

5.6	7.6
Average ranking of <u>SME responses</u> when asked on understanding of how best to respond to ‘Invitations to Tender’	Average ranking of <u>larger business responses</u> when asked on understanding of how best to respond to ‘Invitations to Tender’

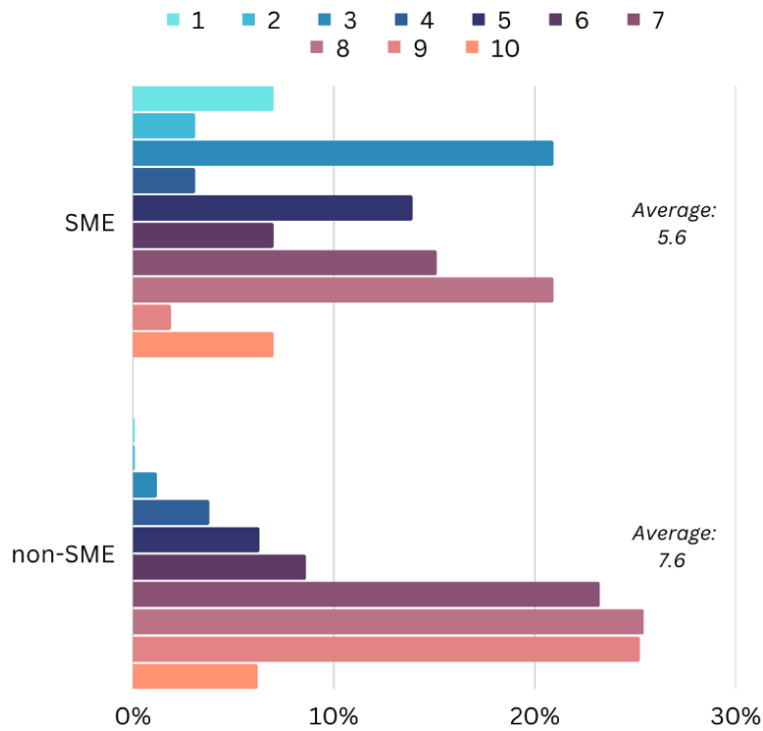


Figure 1. On a scale of 1-10 (1 being ‘very limited’ and 10 being ‘very strong’), to what extent do you have an understanding of how best to respond to social value considerations within ‘Invitation to Tenders’?

In addition, the survey results also evidence how larger businesses are more likely to change their CSR strategies to account for specific social value requirements in particular bids. This is evidenced by a greater proportion of larger businesses indicating that they had previously changed CSR strategies in light of government's social value procurement policy:

52.7%	68.7%
Proportion of <u>SMEs</u> who answered 'Yes' to changing CSR strategies in light of government's social value procurement process.	Proportion of <u>larger businesses</u> who answered 'Yes' to changing CSR strategies in light of government's social value procurement process.

Based on wider feedback, three reasons for this divergence have been posited:

1. Organisations are adapting their CSR strategies simply to 'tick a box' when responding to opportunities.
2. Businesses are responding to the policy and aligning their CSR efforts positively, to deliver societal benefits, as an active strategic choice.
3. Businesses, and particularly SMEs, are responding to opportunities on a lot by lot basis simply to get through the procurement process, but without making any material change to their overall CSR strategy.

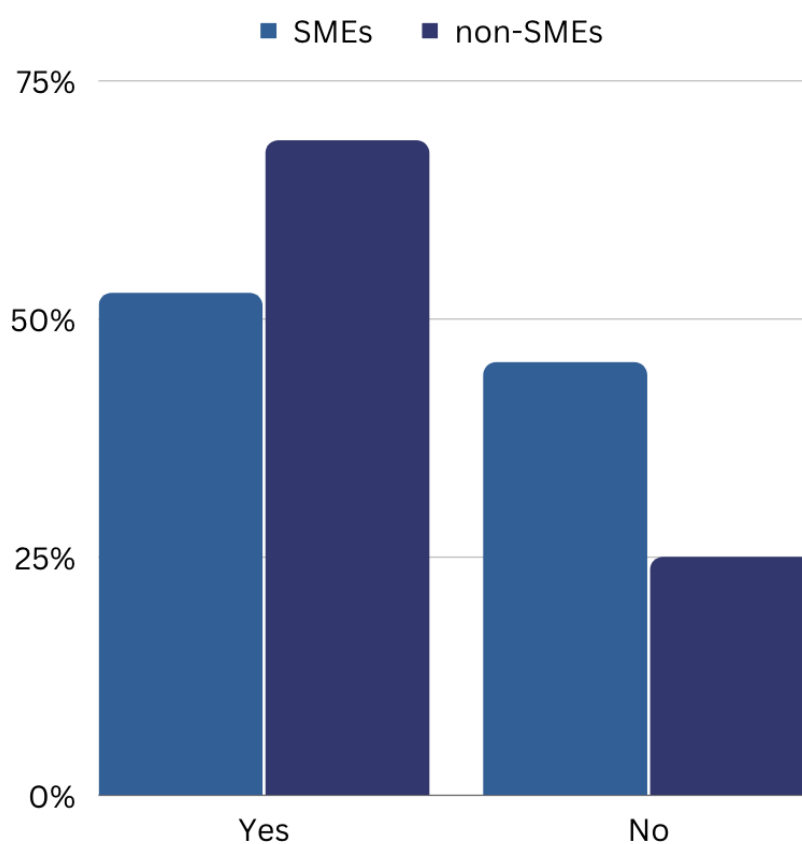


Figure 2. Have you ever changed your CSR strategy (including time and budgetary commitments) in light of government's social value procurement policy?

Alongside the disproportionate impact of social value procurement policy on SMEs, the following challenges with the current policy application were gleaned from the survey:

Perceived Lack of Consistency: 75.5% disagreed with the statement that government adopts a consistent approach to social value, with 63.0% also disagreeing that social value requirements align with industry strengths. These findings highlight concerns regarding uniformity and alignment in the government's social value approach, causing frustration and uncertainty for bidding organisations. The views concerning government consistency on social value were congruous across all sizes of businesses.

The inefficiency of the contract-by-contract approach: Over 70% of respondents stated that the contract-by-contract approach central government employs leads to tactical, localised, and discrete responses, rather than incentivising larger, longer-term social value investments. The perceptions surrounding the contract-by-contract approach were consistent across all sizes of respondent.

Insufficient government feedback: A significant majority (65.5%) of respondents disagreed or strongly disagreed that government feedback on social value requirements was robust and constructive for unsuccessful bidders. The views on government feedback were consistent across all sizes of respondent.

Relative Confidence in Responding to Social Value: 67.6% demonstrated confidence in understanding how to address social value considerations when bidding for contracts, indicating a reasonable level of awareness and readiness for social value procurement.

Whilst there are challenges to meeting social value requirements, the survey indicated that these challenges are not the sole factor influencing their decision to bid on opportunities:

73.3%
The proportion of organisations that do not see the challenge of meeting social value requirement as the sole factor influencing their decision to bid on opportunities.

This implies that while important, social value is just one consideration among many in the bidding process. This consideration of social value in the bidding decision-making process was consistent across SMEs and larger businesses.

Focus group and interviews

The expert interviews and a focus group with industry experts confirmed the findings of the survey, providing additional insights into the challenges and opportunities of social value procurement. The interviews and focus group highlighted the following key challenges:

- *The lack of a common understanding of what constitutes social value.* This can make it difficult for technology companies to understand what is expected of them and how to meet social value requirements.
- *The lack of a standardised approach to measuring and evaluating social value.* This can make it difficult for technology companies to compare their social value performance to other companies and to make improvements over time.
- *The lack of a clear link between social value and procurement decisions.* This can make it difficult for technology companies to ensure that social value is being considered when making procurement decisions, and, in turn, to justify the extensive effort required to reply to supplier requests for information.

- *Buyers requesting output over and above well understood social value requirements.* A recent trend has emerged as part of larger procurement lots, where bidders are being required to provide services that would not normally be considered part of a social value commitment, such as offering routine digital skills training to staff working for the procuring body. In other words, offsetting for what would normally be considered general expenditure.

Case Study: techUK Member – Large business

A large business praised social value as a positive addition to procurement, stating it encourages beneficial behaviours amongst suppliers. They emphasised that government departments primarily seek upskilling and capacity building, areas that clearly push the boundaries of social value. The company consistently goes “over and above” these requirements. It acknowledged that some businesses with fewer resources, such as SMEs, may not be able to meet these demands.

In terms of challenges, the firm highlighted the inconsistent implementation of social value, with varying evaluation mechanisms and support systems across government departments. They mentioned a recent tender as an exception, where productive pre-market engagement led to clear understanding of added social value. Another positive interaction occurred whereby collaborative engagement allowed for tailored impact reporting and regional focus.

In a more typically negative experience, the firm lost a bid due to a specific climate action requirement demanding an exact carbon reduction commitment. The company were unable to make a contract-specific commitment, thereby losing the opportunity to bid. This example, anecdotally, was reported elsewhere in our engagement work.

Recommendations

In line with the challenges they have faced, key recommendations arising from engagement with large businesses include to:

1. Engage earlier, more consistently and more collaboratively with firms.
2. Implement social value as a place-based approach, aligning with the Levelling Up Agenda.
3. Impose contract specificities on re-sellers, rather than service providers who are unable to be contract- specific.
4. Develop more meaningful, consistent, and demonstrable reporting and evaluating mechanisms.
5. Assess the economic value of contributions made by firms more broadly, instead of just focusing on what they are able to provide on a contract-by-contract basis.

Case Study: techUK Member – SME

An SME understood the aspiration behind social value but criticised the central government’s “immature” execution of the initiative. They reported that their approach towards social value has been ever-changing, in congruence with the varied asks of government tenders. Generally, though recognising the government attempt to make bids more accessible, current efforts were considered “insubstantial”.

Reflecting on initial government requirements, it was evident to the firm that central government had not fully considered the specifics and relevance of their requirements. For instance, the SME was asked to employ ex-convicts in a highly secure sector where security clearance was evidently unfeasible. Another requirement was hiring locally, which was challenging given the specialised, high-skill nature of the work.

Overall, the SME faced difficulties securing bids, especially against larger, well-resourced firms, highlighting a lack of consideration for company size and capacity. Government engagement and monitoring was also minimal, with this inattentive approach making social value seem like a “tick-box exercise”, being evaluated in a manner which is “susceptible to bias”. The lack of meaningful and timely engagement by central government posed another significant challenge, making it hard for the firm to understand customer expectations.

Recommendations

In line with the challenges they have faced, the SME recommended that central government should:

1. Invoke proportionality by recognising there are differences between the sizes and types of organisations, explaining how central government will reconcile these differences.
2. Initiate open and consistent discussion on social value requirements to clarify and optimise delivery by service providers.
3. Address the skewed and negligent mechanism of evaluation and monitoring, replacing it with a more considered, proactive alternative.
4. Provide more comprehensive feedback throughout the procurement process, especially in cases where firms fail to secure contracts.

Consistent Themes

The findings from the literature review, survey, interviews, and the focus group consistently point to the following key challenges, including the lack of:

- Clear guidance on how to integrate social value into procurement processes.
- Engagement with industry stakeholders.
- A common understanding of social value.
- A standardised approach to measuring and evaluating social value.
- A clear link between social value and procurement decisions.
- These challenges are significant and will need to be addressed to promote the effective integration of social value into technology procurement in the UK central government.

Discussion

The findings of our research show that technology companies in the UK want to help make social value work, but that – currently – it is just not working as well as it could.

This ineffectiveness is due to several factors, including the following:

- *The lack of clear guidance on how to integrate social value into procurement processes.* The government has issued some guidance on social value procurement, but it is not always clear or specific. For example, the government's guidance does not provide a clear definition of social value, or a clear framework for measuring and evaluating social value. This can make it difficult for technology companies to understand what is expected of them and how to meet social value requirements.
- *The lack of engagement with industry stakeholders.* The government has not engaged extensively with industry stakeholders to understand their needs and challenges in relation to social value procurement. This is a missed opportunity, as industry stakeholders and techUK members can provide valuable insights into how to make social value procurement more effective.
- *The lack of monitoring and evaluation mechanisms.* The government has not developed robust monitoring and evaluation mechanisms to ensure that social value is actually being delivered through technology procurement projects. This can make it difficult to assess the impact of social value procurement and to make improvements to social value procurement processes.

We also observe a difference in approach to Corporate Social Responsibility between small and large businesses. Just over 50% of small businesses that responded to our survey have changed their long-term CSR strategy compared to nearly 70% of large businesses. Smaller businesses are more likely to approach social value on a lot-by-lot basis – to get a bid 'over the line'. Greater consistency of social value guidance and approach could help increase the number of small businesses engaging with social value, and CSR in a more strategic manner.

The findings of this research study suggest that there is a need for a concerted effort to promote the effective integration of social value into technology procurement in the UK central government. This would require the following:

- *The development of clear and consistent guidance on how to integrate social value into procurement processes.* The government should develop clear and consistent guidance on how to integrate social value into procurement processes. This guidance should be tailored to different procurement contexts, such as large and small contracts, and should be accessible to all stakeholders. The guidance should also provide a clear definition of social value, and a clear framework for measuring and evaluating social value. It could take the form of a playbook, developed collaboratively by both government and industry.
- *Proportionality.* Feedback also suggests that buyers should be able to consider the size of a business bidding for contracts. New legislation within the Procurement Bill will allow for a more proportionate and tailored approach. There is a risk that social value requirements, on occasion, may be out of the reach of smaller suppliers. That is, are social value requirements accessible to all bidders.
- *Better engagement with industry stakeholders.* The government should engage more with industry stakeholders to understand their needs and challenges in relation to social value procurement. This engagement should be ongoing and should be used to inform the development and implementation of social value policies and practices. This considered engagement should be conducted in the pre-market phase, to mitigate misinterpretation and encourage informed delivery; post contract award, to

ensure businesses understand why they have got the social value marks they received; and, finally at a more strategic level to continue to develop how social policy is applied. The government should also establish a forum for industry stakeholders to share best practices and to collaborate on social value procurement projects.

- *The development of robust monitoring and evaluation mechanisms.* The government should develop robust monitoring and evaluation mechanisms to ensure that social value is being delivered through technology procurement projects. These mechanisms should be designed to measure the social, economic, and environmental impacts of technology procurement projects. The government should also make the results of monitoring and evaluation exercises publicly available to promote transparency and accountability.
- *Greater scrutiny.* Social value, at present, is not scrutinised in any meaningful way. Further to developing an evaluation mechanism, an annual capability statement should be published assessing how well each central government department is performing in their delivery of social value. There is scope for much more Parliamentary scrutiny of social value. The Public Accounts Committee in particular, has a role to play in holding government to account. The PAC may also wish to consider whether the National Audit Office should review the current application of social value in central government technology procurement.

By addressing the challenges of social value procurement, the government can help to ensure that technology procurement is used to achieve positive social outcomes. We provide some other specific suggestions, reflecting feedback received from techUK members, that could be considered by government in helping to address the challenges of delivering social value through central government technology procurement:

- Provide funding to support the development of social value procurement tools and resources.
- Establish a dedicated social value procurement training programme for government officials and procurement professionals.
- Create a social value procurement certification program for technology companies.

International Comparisons and Case Studies

Exploring international comparators provides valuable insights into how different countries approach the integration of social value in technology procurement. Notably, the Republic of Ireland, Northern Ireland, the Netherlands, and Estonia offer distinct examples of strategies, reflecting diverse policy priorities and legislative frameworks. Perhaps of greatest note is the approach taken in Northern Ireland.

With a robust approach, Northern Ireland mandates social value assessment for specific contract thresholds. The process involves early community engagement, social value assessment criteria, and stringent contract management. By structuring the process around key themes such as secure employment, carbon reduction, ethical supply chains, and well-being, Northern Ireland exemplifies a comprehensive integration of social value.

Then, moving to an international arena, we explored in depth the practices of three different European markets. These case studies underline the diverse approaches countries adopt to embed social value in technology procurement. Each approach reflects the unique priorities and legislative frameworks of the respective nations, demonstrating the global trend towards aligning procurement practices with broader societal and environmental objectives.

- 1. Republic of Ireland:** Aligned with EU guidelines, Ireland prioritises environmental protection, social responsibility, and innovation in its procurement practices. While internal guidelines introduce environmental and social considerations as optional, EU directives require the consideration of environmental characteristics in the procurement process. However, these aspects are still primarily optional for suppliers.
- 2. Estonia:** Estonia demonstrates an emphasis on central administration, guided by the Public Procurement Act (PPA) and EU standards. Green and circular procurement policies are encouraged through various initiatives, with a strategic document targeting 30% green procurement. Additionally, Estonia aligns its procurement process with broader societal goals by fostering innovation through the 'State as a Smart Customer' project.
- 3. Netherlands:** The Netherlands showcases a comprehensive online platform, PIANOo, for professionalising procurement. While EU directives guide procurement processes, the Dutch Public Procurement Act and Decree establish fairness, transparency, and non-discrimination. The Sustainable Public Procurement (SPP) initiative emphasises sustainability, with specific themes such as social conditions, green procurement, and innovation procurement.

Case Study: Public Procurement and Social Value in the Netherlands

The Netherlands is seen as an exemplar of public procurement through its comprehensive online platform, PIANOo. Established to enhance efficiency and compliance, this platform guides both civil servants and buyers. The platform also boasts a highly responsive Q&A function via its hotline, resolving any queries with great precision and speed.

Acting within PIANOo, Tendered is the Dutch government's online tendering system, streamlining the procurement process by centralising announcements and facilitating digital procedures.

Strategic Framework:

1. Dutch Public Procurement Act and Decree: Establishes fair, non-discriminatory, and transparent contract rules.
2. Proportionality Guide: Ensures contract requirements align with project scope, favouring small businesses.
3. Sustainable Public Procurement (SPP): Prioritises sustainable products and services, considering social and environmental impact alongside cost.

Key Social Value Themes:

1. Social Conditions in Global Supply Chains: Ensures ethical sourcing practices.
2. Social Return on Investment (SROI): Boosts societal benefits through procurement.
3. Green Public Procurement (GPP): Advances environmental sustainability.
4. Circular Procurement: Promotes circular economy principles.
5. Public Procurement of Innovation (PPI): Encourages innovative solutions.
6. Opportunities for SMEs: Supports small and medium enterprises.

This approach allows buyers to deliver social value goals, but to do so in a way that allows for a responsive mechanism for buyers and suppliers alike.

Case Study: Public Procurement and Social Value in Northern Ireland

Northern Ireland leads the way in embedding social value within public procurement. Since June 2022, contracts exceeding £122,976 for services and £4,733,252 for construction have been required to integrate rigorous social value assessments into the procurement and contracting process – ensuring fiscal resources align with societal and environmental goals.

Integration Process:

1. Pre-Procurement Engagement: Early community engagement identifies avenues to maximise social value, aligning procurement strategies with community needs.
2. Award Criteria & Evaluation: Suppliers earn social value points by aligning initiatives with designated themes and indicators, ensuring real impact.
3. Contract Management: Successful bidders are accountable for delivering pledged social value initiatives, ensuring intended outcomes throughout the contract's term.
4. Monitoring & Reporting: Robust monitoring mechanisms ensure transparency and value for money, tracking progress towards established social value targets.

Themes of Social Value:

1. Increasing Secure Employment and Skills: Creating jobs, fostering skill development, and boosting economic growth.
2. Delivering Zero Carbon: Combating inequality, promoting diverse supply chains, and preventing modern slavery.
3. Building Ethical and Resilient Supply Chains: Advancing environmental protection and improvement, striving for net-zero greenhouse gas emissions.
4. Promoting Wellbeing: Enhancing health, addressing employment inequality, and fostering community integration.

Northern Ireland's approach is a helpful example of social value integration within a procurement framework.

International comparisons are useful, though not definitive, in observing alternative approaches and examples of best practice. Observations we have drawn from these international comparators include:

- *The approaches to social value procurement vary widely across countries.* Some countries, such as Northern Ireland, have a comprehensive approach that mandates social value assessment for specific contract thresholds and involves early community engagement, social value assessment criteria, and stringent contract management. Other countries, such as the Republic of Ireland, have a more voluntary approach that leaves it up to suppliers to decide whether to incorporate social value into their bids.
- *The key themes of social value also vary across countries.* Some common themes include secure employment, carbon reduction, ethical supply chains, and well-being. However, there are also some unique themes that are specific to particular countries. For example, the Netherlands emphasises sustainability, while Estonia focuses on innovation.
- *The international case studies suggest that there is no one-size-fits-all approach to social value procurement.* The best approach will vary depending on the specific circumstances of each country. However, the case studies also suggest that there are a number of common principles that can be applied to social value procurement, such as early community engagement, clear and transparent criteria, and robust monitoring and evaluation mechanisms.

A Focus on Opportunities to Improve the Delivery of Social Value Policy

In this chapter we seek to set out – in more detail, and drawing on extensive feedback from techUK members – two specific areas which we believe could assist central government officials and procurement specialists in pursuing improvements to social value policy. We assess that these changes can be explored and taken forward in the coming months, whilst still complementing potential changes to social value.

Firstly, a recommended techUK buyer’s checklist. Secondly, specific changes that techUK members wish to see from the social value assessment process during procurement, and monitoring thereafter once a contract commences.

A. The techUK buyer’s checklist

This checklist is aimed at central government technology buyers. It is intended to aid the thought process surrounding technology procurement, composed of four key stages, and intended to highlight key tasks that should be ‘ticked off’ to ensure a successful procurement process.

1. *Before Procurement Begins*

- Identify top 2-3 social value priorities/principles at the departmental level.
- Align priorities with departmental values.
- Define successful social value outcomes.
- Ensure commercial teams understand social value priorities.
- Engage with the market to share priorities and provide supporting information.
- Demonstrate positive social value outcomes to potential suppliers.
- Clearly explain how social value will be measured during the contract.

2. *Designing the Procurement Ask*

- Understand supplier capability relative to the contract.
- Align social value asks with supplier capability.
- Review the tech supplier social value matrix to align with supplier/solution type.
- Check relevance of social value requirements to tech procurements.
- Avoid geographic-related asks as technology is location-independent.
- Ensure proportionality between procurement ask and contract size, such as whether social value requirements (e.g., employing a number of apprentices) inadvertently exclude smaller suppliers.
- Consider financial modelling to understand cost implications.

- Ensure social value requirements accommodate all potential suppliers, especially SMEs.
- Carefully assess proportionality and relevance of requests like hiring apprentices.

3. *Procurement Engagement*

- Explain social value priorities during market engagement events.
- Determine industry capacity to deliver on social value requirements.
- Use engagement events for bilateral conversations with the market.
- Understand if the market perceives requirements as proportional, relevant, achievable, and aligned with desired outcomes.

4. *Social Value Measurement*

- Define how social value delivery will be measured.
- Establish intervals for delivery reporting and communication.
- Ensure outcome measures are SMART (specific, measurable, achievable, relevant, time-bound).
- Designate a point of contact responsible for managing social value commitments.

Other Considerations

- Consider cost implications for suppliers in meeting social value requirements.
- Provide buyer training on social value principles and implementation.
- Undertake social value training for procurement teams across departments.

B. Improvements to the assessment, and subsequent monitoring of social value

A critical component in enhancing social value within technology procurement rests upon the capacity to measure, assess, and report it comprehensibly and consistently. Feedback from techUK members has highlighted that the current approach to social value often suffers from a lack of uniformity, transparency, and understandability, making it a challenge to compare social value contributions across different procurements and providers, or to communicate the benefits of social value to the public. Below, we draw out a series of practical steps that techUK members would like to see taken forward, in order to improve both the assessment of social value during procurement, but also the monitoring and evaluation of it thereafter.

- *Defining Social Value Metrics:* The first step involves identifying a comprehensive set of indicators that capture the broad range of economic, environmental, and social impacts arising from procurement. These metrics should be defined clearly and precisely, and should cover a wide spectrum of potential social value impacts. They may range from direct economic benefits, like job creation, to more intangible social benefits, like improving digital literacy. COVID-19 should also be removed as a key theme in the social value model. techUK members consider it to be largely redundant.
- *Setting Benchmarks:* Once the metrics are defined, we need to establish benchmarks against which social value contributions can be assessed. These benchmarks should reflect realistic yet aspirational

goals, and should be adjusted periodically to accommodate shifts in social, environmental, and economic contexts.

- *Creating Assessment Tools:* To help procurement officials and tech suppliers assess and report social value, user-friendly assessment tools should be developed. These tools should provide clear instructions on how to measure each metric, how to interpret the results, and how to use the results in decision-making. They should be designed to minimise the risk of subjectivity and bias in social value assessment.
- *Ensuring Transparency:* To build trust in the social value assessment process, transparency is vital. This includes being open about how social value metrics and benchmarks are determined, how assessments are conducted, and how social value considerations influence procurement decisions. Transparency also involves Whitehall officials providing clear feedback to tech suppliers on their social value performance and offering guidance on how they can improve.
- *Promoting Continuous Learning:* The social value assessment process should be seen as an ongoing learning opportunity, rather than a one-off activity. Lessons learned from each procurement should be documented and used to refine future assessments. This could involve seeking feedback from procurement officials and tech suppliers, reviewing the effectiveness of social value metrics and benchmarks, and exploring innovative approaches to social value assessment.
- *Providing Training and Support:* As the social value assessment process becomes more sophisticated, there may be a need for training and support for procurement officials and tech suppliers. This could involve training workshops, online learning resources, and one-on-one support for complex procurements.

Conclusions

This paper has explored the challenges and opportunities of social value tech sector procurement in the UK central government. Drawing on the findings of our research, as well as the insights of experts and stakeholders, there are clear challenges that must be overcome to ensure the tech sector is positioned to action its willingness to deliver social value through public sector procurements.

Specifically, efforts are required to ensure SMEs are not disproportionately impacted by current social value public procurement requirements, relative to larger businesses. Our research above evidences how SMEs face greater challenges when responding to social value requirements and it is vital a level playing field is delivered when the tech sector looks to secure central government contracts in the UK.

We believe improvements can be made to how social value is considered within public procurement through the actioning of the recommendations below:

- The Public Accounts Committee and National Audit Office undertaking a full evaluation of how the social value model is performing against its objectives and providing value for money. Any such assessment should look also at the ease with which different sectors are able to deliver social value objectives.
- Developing clear and consistent guidance on how to integrate social value into procurement processes. This guidance should be tailored to different procurement contexts, such as large and small contracts, and should be accessible to all stakeholders. The guidance should also provide a clear definition of social value, and a clear framework for measuring and evaluating social value. Ensuring this guidance is supported by training for central government technology buyers.
- Removing COVID-19 as a key theme in social value considerations.
- Engaging more with industry stakeholders to understand their needs and challenges in relation to social value procurement. This engagement should be ongoing and should be used to inform the development and implementation of social value policies and practices. This considered engagement should be conducted in the pre-market phase, to mitigate misinterpretation and encourage informed delivery; post contract award, to ensure businesses understand why they have got the social value marks they received; and, finally at a more strategic level to continue to develop how social policy is applied. The government should also establish a forum for industry stakeholders to share best practices and to collaborate on social value projects.
- Developing robust monitoring and evaluation mechanisms to ensure that social value is actually being delivered through technology procurement projects. This will help to assess the impact of social value procurement and to make improvements to social value procurement processes.
- Adopting the techUK buyer's checklist as a standard practice for public sector buyers. This will help to ensure that social value is considered in a systematic and strategic way in all procurement processes.
- Taking advantage of new legislation from the Procurement Bill, within the Most Advantageous Tender framework, so that a more proportional approach may be taken by buyers, which considers the size of company responding to tender and the nature of the tender. This may help reduce the risk that, on occasion, smaller buyers are excluded from larger tender opportunities due to the social value

requirements set out in the procurement process. That is, are social value requirements accessible to all bidders.

- The development of a joint government and industry 'social value playbook'. This might include drawing on social value best practice already seen in Northern Ireland.
- Publishing an annual capability statement of how well individual government departments are implementing social value.

We believe that these recommendations could be a valuable contribution to the government's efforts to improve social value procurement. They would help to ensure that social value is considered in a more systematic and strategic way, and that the benefits of social value are more effectively measured and communicated.

We also believe that these recommendations are consistent with the current views of the tech industry, and techUK members. The tech industry is committed to using its skills and expertise to deliver social value, and we believe that social value procurement is a valuable tool for achieving this.

We urge politicians and civil servants to take these recommendations into account as they develop and implement policies on social value procurement. We believe that these recommendations would help to make social value procurement a more effective tool for delivering social good in the UK.