



From theory to practice

Realising the potential of Social Value

April 2023



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Executive summary

Since its introduction in January 2021, the [Social Value Model](#) has been transforming how value is delivered through public sector contracts. Building on the [Social Value Act](#) of 2012, there is now an explicit requirement for the evaluation of all central Government tenders to take into account the social value commitments made by bidders as part of the award decision.

The Model is designed to help those who manage contracts understand how to account for social value throughout the procurement lifecycle. It establishes common commercial objectives for social value, focusing on a set of strategic themes and related policy outcomes which reflect agreed cross-government priorities. Finally, the Model promotes simplicity and consistency of application - minimising changes in procedure whilst allowing users to maximise social impact.

Two years after the introduction of the Model, we interviewed 20 senior commercial and procurement professionals leading for their organisations on the social value agenda across Central and Local Government to ask:

- How is social value translating from theory to practice – from pre-procurement, through procurement, contract management and impact capture?
- What can we learn about how to embed social value from our collective experience to date?
- How can key stakeholders (Government strategy functions, procurement functions, suppliers and partners) work collaboratively in future to accelerate the delivery of social value priorities and maximise impact?

During these one-to-one sessions, we asked open questions to enable us to collect as much insight as possible from interviewees – who all had a great deal to contribute.

Whilst we did not start with a set of hypotheses per se, we did expect to find variations in priorities, approach and practice.

In fact, what we heard was that despite being in the early stages of adoption of the Model (24 months is a relatively short time-period for such a policy change) consistency and good practice is starting to develop.

Positive themes from the interviews included:

- There is a high degree of buy in to Social Value as a concept
- Government commissioners are starting to feel empowered about their own strategic priorities – and are comfortable looking for ways in which the flexible elements of the Model can be applied to best effect
- Adoption can be described as a ‘two phase’ process, starting with compliance in pre-procurement and procurement, then focusing on measuring the real impact of social value commitments.

It was also clear through the interviews that different organisations are at different stages in their adoption of the Model – and therefore their maturity in its application. This means there are great opportunities to learn from each other’s experience to date.

In this report we set out **8 critical characteristics** necessary for successful adoption of the Model in practice, drawn from the interviews, and which can help organisations to identify opportunity areas to accelerate their learning and maximise the impact of the Model.

We also heard a clear and consistent view that action is required from all stakeholder groups to enable the potential of the Model to be realised. We set out a series of suggested **next step recommendations** for key stakeholders drawn from the interviews.



What we heard – Social Value in concept

Social value is now widely recognised as a core contractual requirement as well as a procurement lever. The Model itself, and the application of it in pre-procurement, procurement and contract and supplier management activity, is enabled and supported by the detailed guidance and training. Our sources told us that despite this, stakeholders' understanding of what social value means is not universal – leaving ample opportunity to build on solid foundations and the green shoots of peer-to-peer knowledge sharing. So, what did we learn from our interviews?

Social value means different things to different people

Several interviewees commented that whilst the Social Value Model outlines in detail themes, model award criteria and sub-criteria, there is no single sentence defining what social value is, including how social value relates to adjacent agendas such as ESG (Environmental & Social Governance) and CSR (Corporate Social Responsibility).

In local government, where the Model isn't mandatory, stakeholders' understanding of what social value is tends to be more flexible and aligned with local priorities. Within Central Government there appears to be a wider range of opinions about what constitutes social value, and the extent to which it can be tailored to meet departments' objectives. At the same time, interviewees were clear that the application of social value must be specific to the organisation and contract in question.

Conclusion: A short, consistent definition of what social value is (and is not) would support greater understanding of the intent of the Model, enabling faster adoption, particularly amongst those less familiar with the detailed guidance

Not all social value is created equal

Interviewees agreed that social value should be *additive* – but their definitions of additive varied. Several interviewees felt strongly that elements of the Model, such as safeguarding against modern slavery and inclusive recruitment policies, were *not* additive and should be considered good practice by now. We observed that some thought social value had evolved already – and what might be standard practice for one Department, may be additive to another who was not as far progressed in adoption of the Model.

Conclusion: It is important to understand that not all Departments are in the same place with their adoption of the Model. Learning from those who are more progressed will support a step change across government.

We're clear on the 'why', but are still learning the 'how'

Some organisations implement social value simply by copying and pasting Model Award Criteria (MACs) and sub-criteria. Others' view is that selection of the right criteria must reflect a range of factors, including timescales, location, small and medium enterprises (SME) and VCSE involvement, business engagement and opportunities to deliver impact relevant to the products or services being procured.

Some stakeholders felt that social value activities need to be separate from the scope of work being procured. But most thought that they should be integrated – or at least linked to the scope to drive coherent impacts relevant to the procuring department, and to the contract.

Conclusion: Learning a systematic, standard, way of applying the Model will enable the process to become more repeatable and efficient. It will be easier to identify leading practice, and pinpoint opportunities for continuous improvement.

In summary, there was broad recognition that social value is in its infancy and is currently, and necessarily, focused on implementation in the pre-procurement and procurement phases. The majority of our interviewees felt the next natural step in implementation would address any opportunities for improvement – in particular, around the effectiveness of contract management, and ongoing assessment of tangible impact.

We are refreshing our guidance, as we've learnt it was quite theoretical and difficult to apply. We're trying to make it more practical so everyone can apply it properly in the real world



What we heard – Social Value in practice

The following themes came out consistently in interviewees' experience of applying the Model in practice.

The clearer we can be about our objectives, the more impact we can make

Being clear about what is being asked of commercial teams and the market is important. For example, at 'compliance' level, this is about selection of appropriate themes and MACs, and at 'strategic' level about how to *'tie the social value ambition...back to our mission, so a project in one of our mission areas can also feed into another'*.

Build on small successes to incrementally improve

Taking a step-by-step approach helps keep the scale of the challenge manageable. One interviewee advises, *'pick a department where you're most likely to see success, trial your approach, think about performance metrics and challenges. Then, share best practices and implement your approach across all the departments'*

Driving shared ownership can tangibly boost adoption

Linked to the above, making sure each phase is embedded helps drive ownership and sustainable change: *'Our culture is to make social value mandatory. At the moment, we have examples of good practice, but we need to do it every time. We want to move our social value adoption to being more purposeful than routine'. Ensuring shared ownership is pivotal, one interview stated 'It's no good saying 'we need to have a core of social value experts'. Because this forms 10% of every competition, it's not just a niche area. We need everyone from the business to become an expert.'*

Coordinating efforts can reap rewards and drive evolution

Resources need to be targeted, dedicated and co-ordinated to drive adoption. One interviewee shared, *'at one point every social value manager was driving their own strategy and agenda. Resource was spread too thinly. Now, we're joining forces to work as one team and one voice to have the same approach'*.

Sharing knowledge and experience between Departments is critical to success

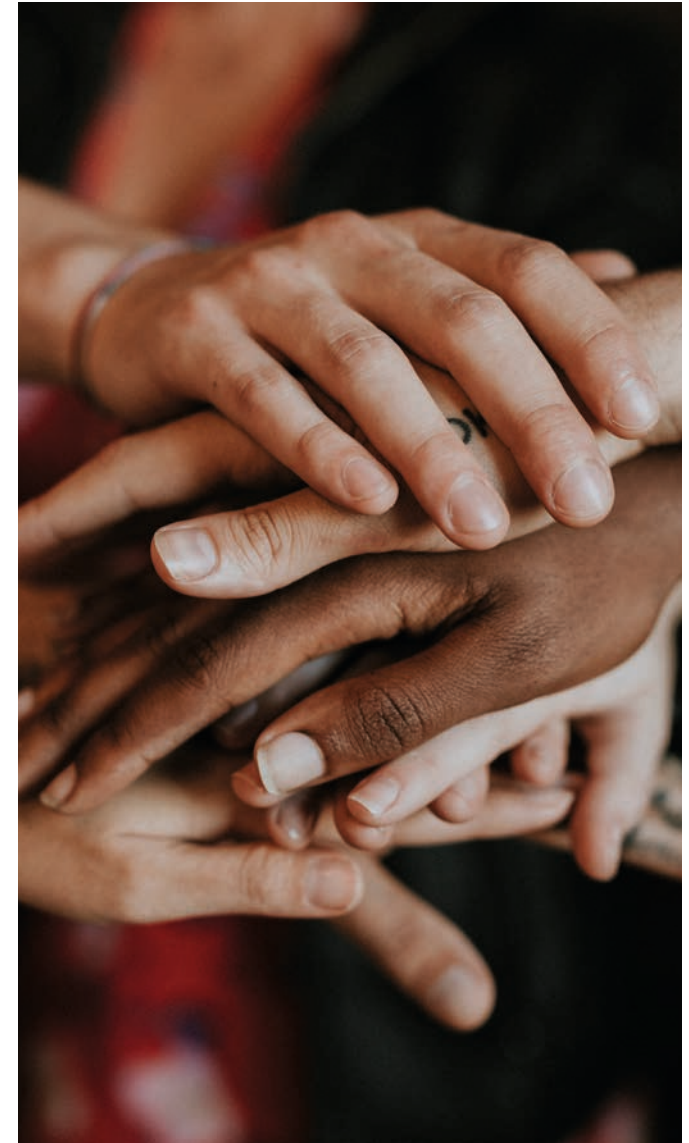
For everyone we spoke to, engagement was seen as an enabler to move forward in practice. Whether with Cabinet Office, other departments, local government, suppliers, VCSEs, partners or communities, sharing knowledge around social value priorities, ways of working and best practice (especially practical examples) is universally seen as critical to improving consistency. The Social Value Network, which includes more than 50 members cross-government, is already in place and operating well.

We need to recognise social value is a journey. We need to get people to **try, learn** and **reapply**

Give it time

Interviewees felt strongly that social value should be given time to embed if it is to be successful. One said, *'we're trying to be more creative and aspirational. This takes more time because we're treading a new path and trying to deliver actual change – maximising social value rather than just doing it.'*

The most progressive approaches to embedding social value look for ways to shape, as well as respond to, context.



What we heard – Evolving Mindsets

Several of the interviewees talked about their 'journey' in adopting and applying the Model, and how their comfort in applying Model has developed during the two years since its inception. We were able to identify four 'mindsets' that could be used to illustrate where different Departments and Local Authorities are, at a given time, on their journey:

Compliance mindset Almost all organisations interviewed started with a compliance mindset.

Focus is predominantly on understanding how to apply the Social Value Model legislation in the procurement process, providing guidance and training to seek consistency.

Strategic mindset Once critical compliance issues have been addressed, Departments and Local Authorities typically start to align around the broader potential of social value to support strategic organisational priorities.

Delivery mindset With procurement compliance and the strategic framework established, interviewed organisations tended to focus more effort on later stages of the lifecycle: delivery and impact capture.

At this stage, more involved stakeholder engagement is 'business as usual'.

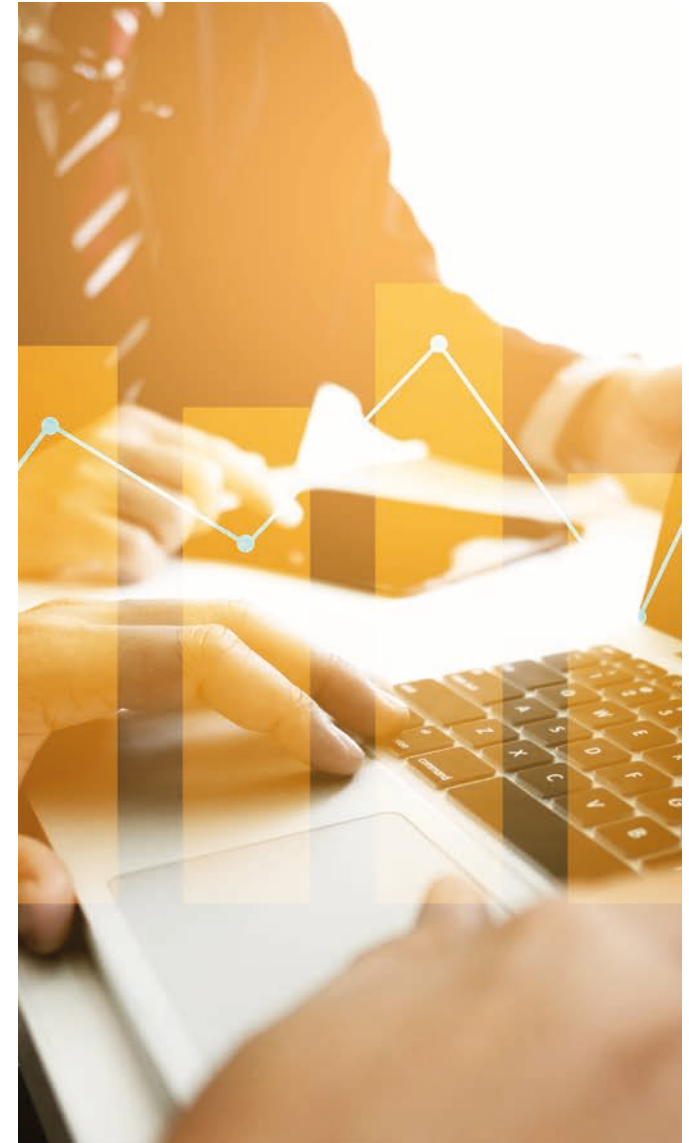
Systemic mindset In the most mature approaches, Departments and Local Authorities had started to facilitate a partnership approach with the supply chain, target communities and partners to optimise outcomes and impact aligned with purpose and goals – taking a system-wide view of how social value could be achieved and optimised.

To supplement what we heard about these emerging mindsets, we surveyed over 100 commercial and contract management practitioners across public sector at a recent CCS event, asking two questions on a scale of 1 (low) to 5 (high):

- How confident do you feel in applying the Social Value Model in practice? **Mean score 2.8**
- To what extent do you have a good understanding of your organisation's Social Value priorities? **Mean score 2.9**

In both cases it was interesting to note that in response to each of these questions, whilst several respondents scored highly, over 50% of those surveyed scored themselves at 2 or below. In other words, the majority of practitioners surveyed *do not* yet feel comfortable applying the Model in practice, and/or *do not* yet have a good understanding of their organisation's social value priorities.

Conclusion: Whilst experience of applying the Model in practice is growing, supported by relevant refresher training, further support (e.g., specific training and sharing of lessons learnt) is required in order to raise confidence across relevant practitioners in how to understand and apply the Model in practice.



What we heard – 8 Critical Characteristics

Whilst it was clear from the interviews that each organisation is on its own adoption journey, we also heard that there are **8 critical characteristics** required for successful adoption of the Model in practice. A focus on these characteristics will support Departments and Local Authorities in accelerating their journey towards mature application of the Model for greatest impact.

When setting strategy:

- 01. Policy and culture:** Social value is captured in the organisation's strategy, policies and leadership priorities and cascades down into functional strategies and activities.
- 02. Inclusive approach:** Stakeholders – budget holders, strategic suppliers, VCSEs, local communities, partners and others – are empowered to input into social value priorities in line with departmental objectives.

During implementation

- 03. Whole lifecycle perspective:** Social value priorities are reflected in processes and systems from policy to procurement to contract and delivery management, and reflects alignment of customer, supplier and third-party approaches. Impact is captured and continuously improved.
- 04. Supply chain engagement:** the supply chain is engaged early on relevant procurements to educate and inform on social value priorities, enable collaboration and innovation and highlight market issues that the procuring department can address.
- 05. Contract management:** Social value delivery is a 'business as usual' part of contract management, with feedback captured and fed into continuous improvement. A sustained focus on social impact is developed through ongoing service delivery reviews.

06. Measurement and Reporting: Social value outcomes and impact are measured and reported internally and externally, following a standard approach. Corrective processes are in place if desired outcomes are not achieved, with impact data used to scale social impact and value.

In considering enablers

- 07. Social value capability and capacity:** Dedicated experts provide leadership of social value approaches and activities, upskilling colleagues to create and expand organisational capability and capacity, drawing on appropriate tools and systems to support delivery of social value. The Social Value Network could have a key role to play here.
- 08. Governance and Accountability:** Senior leadership hold specific responsibility and accountability for delivering and measuring the impact of social value within the organisation.



Moving forward together

We heard consistently from interviewees that the potential of social value *can only be achieved if all stakeholders recognise their role in its delivery*. Accelerating from theory to practice will take collective action, based on *collaboration and sharing of best practice*, to unlock system-wide capability and capacity and *deliver measurable impact*.

Drawing on what we heard in the interviews, we set out *a set of recommendations* for key stakeholder groups – Central and Local Government strategy functions, procurement functions and suppliers – to reach the next level.

Central and Local Government strategy functions:

These Teams have a crucial role to play in introducing and guiding future phases of adoption. Actions that will support incremental change include

- 01. Developing practical guidance** on how social value can be tailored, made additive and standardisation of good business practice, including for frameworks, call offs and categories would further define a collective vision and understanding between Departments of what social value means to them
- 02. Providing ideas and insight** on how to demonstrate the golden thread between policy, departmental priorities, programme objectives and tender requirements will encourage Departments to embed social value to the extent that it becomes business as usual
- 03. Sharing structure and examples** of reporting requirements, including best practice KPIs and approaches will help Departments to understand how to really measure the impact social value is having
- 04. Making available shared best practice** in procurement, delivery and impact capture, distilling lessons learned and practical actions will encourage Departments to continue to learn from each other to level up more quickly

05. Enabling collaboration forums for the market to connect, collaborate and innovate – suppliers can learn from each other to collectively deliver social value impact effectively

Procurement functions

Central and Local Government procurement teams are in the thick of applying the Model in practice. They have the authority and influence to change ways of working to supercharge the impact of social value in projects and programmes. Actions that will support incremental change include:

- 01. Publishing pipelines** including social value priorities and prioritising early market engagement with suppliers (where possible, prior to the invitation to tender). Early market engagement enables the supply chain to properly prepare for opportunities and ensure they invest in this area to provide maximum impact
- 02. Summarising context** to the market on *why* social value questions have been posed. Not only will this support good quality responses, but it will also offer suppliers the opportunity to share their own knowledge on how to attain Department's strategic objectives
- 03. Engaging budget holders** in setting the social value priorities and questions for procurements. When budget holders understand the importance of social value to any competition or supply opportunity, they will be more equipped to measure value for money of the bids on the table
- 04. Being flexible on contracting** for social value to allow reasonable provision to tailor commitments in line with changes in context – or for what the supply market can offer (see 2.)
- 05. Identifying and sharing best practice.** Local authorities and construction sectors have significant experience in incorporating social impact into supplier contracts, much of

which pre-dates the introduction of the Model, and which is rich in learnings that could be applied to central government procurements at a Department level

Suppliers

Government procurers ask social value questions to contribute to the evaluation of a supplier's whole offer. Suppliers respond regularly to these questions, and can share valuable insight to support the next phases of adoption and evolution of the Model. Suppliers could use these recommendations to be more open on where improvements would deliver real impact:

- 01. Raising clarification questions** where social value requirements are unclear. Repeated questions of a similar nature may encourage procuring departments to refine their approach and ways of working
- 02. Providing feedback** where appropriate to Cabinet Office, Crown Commercial Service and procuring departments – being open about what works and what does not work. Government Stakeholders can't take action if they don't know what the challenges are from the supplier perspective
- 03. Proposing procurement-specific, tailored and measurable social value commitments in responses** that are relevant to the procuring departments and ensure value for money. Clarity in what will be delivered, when, and how benefit / impact will be measured makes responses more compelling
- 04. Engaging supply chains early** including VCSEs and SMEs, to ensure compelling commitments can be made which flow down to all parties engaged in a contract
- 05. Flowing down commitments** to ensure that the whole supply chain is pulling in the same direction, enabling the creation of capacity and enhancing capability to really improve outcomes.

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ACKNOWLEDGMENTS

Thanks to:

Our central and local government clients who contributed their insights to this research.

Co-authors and contributors: Rob Sommerville, Kieran Makwana, Michael Bowes, Aish Malik.

FURTHER RESOURCES

[Social value: improving lives together | Deloitte UK](#)





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