

Social value in procurement

UKGBC's response to the government consultation on social value in procurement

Introduction

The UK Green Building Council (UKGBC) is an industry network with a mission to radically improve the sustainability of the built environment, by transforming the way it is planned, designed, constructed, maintained and operated. As a charity with over 400 member organisations spanning the entire sector, we represent the voice of the industry's current and future leaders who are striving for transformational change. We welcome the opportunity to respond to this consultation and have provided responses to individual questions which fall within our organisational remit.

UKGBC has been working with the industry and local government to better embed social value approaches to development since 2017. Two of the most significant outputs to come from that work are our [introductory guide](#) to social value in new development and our more [detailed resource](#) on setting social value requirements for local authorities. That work has emphasized the huge potential to deliver social value through development projects and the management of built assets.

Summary

UKGBC supports all action taken to embed the concept of "social value" into everyday commercial activities and drive a cultural change in the UK in how we approach commercial decision making.

UKGBC also welcomes the action proposed by this consultation to formalise the commitment made in the Civil Society Strategy to "account for" social value in central government procurement. However, we are concerned that:

- The proposed framework will not encourage local needs to be properly considered
- The proposed policy metrics are too light on environmental metrics and neglect broader health and wellbeing outcomes
- Setting a 10% weighting for social value is unambitious

Question 1: Do you agree with the proposed policy metrics in the model in the attached annex? Do you have examples of such metrics being successfully used in public procurement?

Before responding to the specific proposed policy metrics, UKGBC has some overarching feedback on the evaluation model:

UKGBC supports the focus on outcomes in the new evaluation model, as committing to and measuring outcomes, rather than interventions, is a key aspect of an effective social value approach. Likewise, the focus on monitoring and measurement in the evaluation questions reflects best practice strategy for delivering social value. However, there should be more policy metrics which relate to outcomes, and there is a concern that the consultation doesn't explain how the procuring authorities will ensure social value commitments are upheld.

UKGBC also cautions that when the final policy metrics have been decided all bidders should be required to use exactly those metrics so that comparisons across government contracts is much easier. While the decision taken to not discuss social value in monetised terms will avoid the complexities of such an approach, it does mean that the relative social value of various outcomes and interventions is not captured.

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Our main concern is that as the procurement of goods and services by central government will impact a diversity of areas across the UK, the evaluation model won't reflect the strategic priorities of the relevant local authority or the needs of the local community. For a successful approach, procuring authorities should be required to consult the priorities of the relevant local authority or engage with the local community when setting out the policy outcomes for a contract.

The model could do more to express that social value encompasses the economic, environmental and social, and the interconnected nature of those three. This will help support the understanding of the procuring authority as to the scope of the policy outcomes.

Our response focuses on the themes that UKGBC is best placed to comment on:

Diverse supply chains: UKGBC supports the inclusion of policy outcomes that encourage more diverse supply chains and welcomes the metric which measures the 'number of pre-market engagement activities', as early research by the supplier into the local market will be critical to reaching a successful outcome. UKGBC also welcomes the policy outcome which encourages greater accessibility for under-represented groups in supply chains, but cautions that suppliers may need support in establishing methods for engaging with under-represented groups and in navigating data protection issues.

UKGBC feels that there is a missed opportunity to include a policy outcome that would encourage the bidder to consider how their product or service is accessible to under-represented groups. For example, the design of developments can have a huge impact on the lives of people who have limited physical capabilities or are living with dementia.

Skills and employment: UKGBC supports the inclusion of a policy outcome that focuses on skills and employment as having a secure, skilled workforce is a major challenge for the construction industry in the UK. To ensure all opportunities for skills development and employment are maximised and to avoid disruption to employees and trainees, UKGBC advises that businesses and other stakeholders need to be encouraged to collaborate with one another. For example, principal contractors BAM set up a shared apprenticeship scheme in Coventry in partnership with the contracting authority, which ensured a continuous flow of employment opportunities for the borough.

Inclusion, staff mental health & wellbeing: UKGBC welcomes the inclusion of policy outcomes that relate to health and wellbeing but disagrees with this theme being limited to mental health and to the staff employed by the bidder. Many contracts, especially those that relate to the built environment, have the opportunity to improve the broader health and wellbeing of the local community associated with the contract. For example, developers could commit to providing an all-weather outdoor gym or children's play area as part of a new development.

Therefore, UKGBC suggests three amendments to the evaluation model. Firstly, that the theme "Inclusion, staff mental health and wellbeing" be renamed to "Health, wellbeing and inclusion". Secondly, that the policy outcomes which relate to the mental health and inclusion of staff in the supply chain be broadened out to encompass all health and wellbeing. And thirdly that a new policy outcome be introduced, that relates to the enhancement of the health and wellbeing of the local communities relevant to the contract.

Community cohesion: UKGBC welcomes the inclusion of a policy outcome that relates to community cohesion, and applauds steering bidders to support existing community initiatives, rather than encouraging bidders to set up their own. However, for such an important issue community cohesion should have a dedicated theme, with related policy outcomes that sit under it. Also, the evaluation questions and metrics don't give bidders the opportunity to commit to managing the adverse impacts that some contracts have on community cohesion. For example, construction projects can have impacts on community in terms of noise pollution or even the displacement of residents.

Environmental sustainability: UKGBC welcomes the inclusion of a theme relating to the environment, but is concerned that the policy outcomes, award criteria and policy metrics are limited when compared to the

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other themes and not detailed enough to promote a progressive approach. The phrasing of the policy outcome also doesn't reflect the current movement in policy away from mitigating environmental impacts to environmental enhancement or "net gain" principles. The 25 Year Environment Plan, which is referenced in the consultation annex, commits to embedding an 'environmental net gain' principle for development, something that has received [widespread support from the industry](#). It is inappropriate for the procurement process to set a lower aspiration for the environment than the developer will have to comply with as part of planning.

Likewise, the policy metrics are less ambitious than the increasing commitment of businesses to [net zero carbon development](#), or [circular economy principles](#). Most built environment organisations are prepared to see policy metrics that relate specifically to embodied carbon, operational carbon or onsite (construction) emissions. The proposed metric which would monitor by 'number and type of initiative' seems flawed, as it may inadvertently favour large organisations who have the resources to deliver numerous initiatives, and the relative impact of initiatives can vary hugely. For example, the introduction of an "insect hotel" will have a smaller environmental benefit than the introduction of a nature reserve. It is also worth noting that while baselining is essential, baselines should be created using normalising factors like floor area or project value or baseline from "zero environmental impact". All baselines should be independently verified.

Question 2: Do you agree that the proposed minimum 10% weighting for evaluating social value in the bid is appropriate?

No. 10% weighting is not an ambitious weighting for evaluating social value in procurement. As local authorities showing leadership in this area, such as Manchester City Council, have set a minimum weighting of 20% across their contracts, we would suggest that a 20% minimum weighting is more appropriate. NB: We are assuming that the weighting is for all aspects of the contract, and not just the weighting for the quality portion of the bid.

Question 3: Does the proposed approach risk creating any barriers to particular sized or types of bidders, including SMEs or VCSEs? How might these be mitigated?

Inevitably greater bureaucracy will put pressure on SMEs and VCSEs, and they may need training in order to navigate the evaluation model. However, SMEs and VCSEs are typically able to deliver greater social value because they are more closely connected with the communities they serve. If this aspect of their operations is appropriately rewarded in the bidding process it should help to level the playing field.

Further comments

Last August in the Civil Society Strategy announced the intention of government to investigate what integrating social value into other areas of public decision-making, such as planning and grant funding, would look like. Following the launch of [our output](#) which explored how local authorities in the UK are setting social value requirements in various planning mechanisms, we are keen to engage with government on their work in this area.