

 Social  
Enterprise UK

# Social Value 2032



shaw trust

SIEMENS



## CREATING A SOCIAL VALUE ECONOMY

A collective vision from Social Value 2032 partners



Convened and authored by  
**Professor Chris White**  
Author of the Social Value Act

## About Social Value 2032

***Social Value 2032: Shaping the Future of Social Value* has been launched to commemorate the 10th anniversary of the Social Value Act and further expands its impact and influence.**

The programme is being led by Professor Chris White, former Member of Parliament and author of the Social Value Act with Social Enterprise UK overseeing the delivery of the programme in support with a coalition of companies at the forefront of the social value agenda including PwC, Siemens, SUEZ recycling and recovery UK and Shaw Trust.

The programme considers how social value can be expanded to cover all public sector procurement and go beyond this, influencing the spending of the UK's largest companies. If this is achieved, it will unlock billions of investment in new low carbon products; creating thousands of employment and training opportunities and see millions of pounds reinvested back into providing social, environmental and cultural infrastructure for communities.

This vision document was a joint creation of the partners, convened and authored by Professor Chris White.

This vision will underpin the development of a Social Value 2032 Roadmap which will lay out practical and policy challenges needed to deliver this vision.

For more information contact Andrew O'Brien, Director of External Affairs, Social Enterprise UK – [andrew.obrien@socialenterprise.org.uk](mailto:andrew.obrien@socialenterprise.org.uk).



# CONTENTS

<b>INTRODUCTION</b>	<b>4</b>
<b>SOCIAL VALUE 2032: A NEW VISION FOR SOCIAL VALUE</b>	<b>7</b>
<b>THE SOCIAL VALUE ECONOMY</b>	<b>21</b>
<b>THE SOCIAL VALUE JOURNEY: WHY WE CAN HAVE CONFIDENCE IN THE FUTURE</b>	<b>28</b>
<b>THE CALL TO ACTION</b>	<b>36</b>

# INTRODUCTION

## Professor Chris White Author of the Social Value Act

We've been on a long journey to promote social value. It now influences around a third of public sector procurement and is increasingly taken seriously within the private sector. Our journey tells us that no matter the challenges we face, policy makers and businesses are increasingly turning to social value as a way to build a better future.

Whilst the understanding of social value has increased, we've not yet achieved its full potential - which means that we have missed significant opportunities. Analysis of UK public sector procurement by Social Enterprise UK between 2010-2020 indicates that we may have missed over £760bn worth of opportunities to create economic, social and environmental value, equivalent to £56bn a year or fourteen 'Levelling Up Funds'.

We have made some progress in raising awareness and embedding practice, but not fast enough.

We now have an opportunity to learn the lessons of the past and accelerate the growth of social value over the next decade to cover all public sector procurement and across our largest businesses. This would see social value cover over £400bn of procurement spend in the UK every year, equivalent to 20% of UK GDP, providing us with a base to transform our economy, our public services and to protect and enhance the environment. But to do this means doubling the pace of social value utilisation in the public sector, and more rapid growth in the private sector.

To achieve this ambition we need a new big, bold vision for social value focused on systems-change, transforming public services and creating an environmentally sustainable future.

We need to see social value for what it is, a tool to shape markets and organisational behaviour, rather than getting bogged down in individual contract decisions.

Unless social value is working towards a bigger vision, we won't maximise the benefits that it can bring. If we embrace this vision, we can build a "Social Value Economy".

This is an economy which "levels up" British business to focus on long term value creation and investment, through an economy which is more innovative and more productive. An economy which turbocharges our transition to

Net Zero and secures Britain's "first mover" advantage; an economy which supports stronger communities, and an economy which makes the UK a world leader in social value, generating hundreds of millions of pounds in exports in social value measurement, audit and consultancy, building on our world-class financial services sector.

To do this we need both national and local government, business and SMEs and social enterprises to play their part.

This vision is a call to action, a call to build a stronger, fairer and greener future for Britain.

## What is Social Value?

Everyone who has used the term social value essentially means spending which generates positive spill over effects, what is called "positive externalities" in the economic jargon. Social value is a means to creating additional social, economic and environmental wellbeing above and beyond the 'core' value of the good, service or work.

Traditionally, these positive externalities have been narrowly defined to areas such as education or infrastructure, but increasingly we understand that how we purchase goods and services more broadly can have positive or negative effects. Purchasing an unsustainably sourced T-Shirt from a sweatshop has negative externalities, to both the environment and to society. Purchasing the same T-Shirt but made from recycled materials and from a company providing training opportunities to disadvantaged young people to help them with careers in retail and fashion design has positive externalities. In both cases you have the T-Shirt, but in the latter example we have created significantly greater 'social value'.

The same is true on a much larger scale for all the goods and services that we purchase. Social care services which train local people, purchasing coffee where the proceeds help homeless people, a new railway line which supports domestic manufacturing, schools installing solar panels to reduce their carbon footprint. These are examples of social value in action. This insight has become increasingly important to the public sector, because its core mission is to make our society and our environment a better place to live.

Looking at it from this perspective, social value is fundamental to all public policy and public sector activity.

In essence, the state has three main levers.

It can tax something. It can regulate something. It can spend or buy something.

How governments spend their money, what it buys and where it buys it from, is one of the most important levers the state has for influencing the structure of the economy and society around it. Not utilising concept of social value is like running the 100m sprint but leaving your running shoes in your kit bag.

Social value is not a grand revelation, but in a complex world and with the various public bodies spending over £300bn a year on procuring goods, works and services from outside organisations alongside billions in the private sector, it does require leadership, design and focus. Unfortunately, the leadership required to deliver social value has not always been there. This has created significant missed opportunities, opportunities which have had long term consequences for our society and our planet.

Social value is not just a conversation for governments. Increasingly, in the private sector, businesses are recognising that their decisions have a significant impact on the wider world. The average FTSE100 company spends £4bn on procurement every year compared to just £10m on Corporate Social Responsibility. The positive impact that can be achieved through private sector procurement dwarfs anything that can be achieved through philanthropic means. This is why consumers and clients want to work with businesses that put positive social, economic and environmental impact at the core of what they do and build their business around long term value creation. This means utilising social value. Expanding social value is not just critical for the public sector, but for the future of UK plc.

Social value will be important as long as we are still buying goods or services from each other. The only question is whether we choose to build systems which maximise the social value we create or ignore its potential.

# SOCIAL VALUE 2032: A NEW VISION FOR SOCIAL VALUE

PwC, Shaw Trust, Suez, Siemens and Social Enterprise UK have come together through a new programme - Social Value 2032 - to develop a new collective vision for social value.

The aim has been to paint a picture for our economy in 2032 – ten years from now and twenty years on from the passage of the Social Value Act. What influence can social value have? What can social value do to tackle the big social, economic and environmental challenges we face?

This paper outlines a big, bold future for social value and why we need everyone in the public sector, business and social enterprise sectors to work together.

## Social value fully embedded in the public and private sectors

Social value has proven itself to work across the country and in a variety of sectors. Several reviews commissioned by the UK Government and independent experts have come to the same conclusion.

This should give us the confidence that by 2032 social value should be embedded in *all* public sector procurement and influencing decisions about how we spend taxpayers money. .

We need to accelerate the adoption of social value over the next decade. This means that social value should be the default in the public sector and our largest private sector businesses, going beyond the legislation I originally put forward.

What works for the public sector should also work for our largest companies and by 2032 social value should be influencing the spending of the UK's 7,700 large businesses, which spend a total of £114bn on procurement every year.<sup>1</sup>

*Taking public and private sectors together, this means that social value would be influencing around 20% of UK GDP – a fifth of the UK economy.*

This means that social value would have the potential to transform our economy and society as well as protect our environment.

---

<sup>1</sup> Based on UK's share of \$14 trillion global private sector procurement spend estimated by SAP in SAP, Procurement Reimagined Event, 15 October 2020

The way to give social value teeth is to expand its influence across our economy. *This would mean doubling the rate of adoption in the public sector over the next decade.* This can be done, but will require leadership from central, regional and local government as well as those running our largest public bodies such as the NHS.

Data on the influence of social value in the private sector is hard to come by but based on our engagement with UK businesses, we are starting from a relatively low base. Companies which sell their goods and services to the state are likely to be aware of social value and some are embedding it into their own supply chains because of the new “Social Value Model” but many more are unaware of social value or confused about how to implement it.

## Changing the scope of social value

We also believe that the nature of social value by 2032 will have changed. In ten years’ time, social value will have three key pillars:

1. **A creator of systems-change, going beyond individual procurement decisions:** social value is the means to an end and the end is to build a stronger, fairer, greener society. We need to consider social value in a more holistic way, with the ability to create long term impact.
2. **Transformative public services:** focused on long term impact, prevention and recycling investment, not rushing to a set price point.
3. **An environmentally sustainable future:** not a ‘just transition’ where nobody loses out, but proactively creating models that actually strengthen our economy and society.

## Creating systems change, going beyond individual contracts

Social value is a strategic tool but is often considered from a purely operational perspective.

How much is the weighting of social value on this contract? What are the criteria we are using to measure social value? These are important considerations, but we risk missing the bigger picture.



If social value is about creating additional social, economic and environmental impact this goes beyond the individual contract but the wider effects of the organisations that we are buying from.

To put it another way, if we award a contract to a company which overall has significant *negative* social, economic and environmental impact (e.g. low wages, paying taxes offshore, using environmentally unsustainable methods) but on an individual contract promises *positive* social, economic and environmental impact (e.g. committing to pay workers on a particularly project the Living Wage, reinvesting X% of contract value into local community and environmentally sustainable products), does this mean that we have delivered social value? The answer is clearly no.

The social value is about *expanding* the horizons of decision making to look at the whole picture, not *narrowing* decision making.

Individual contract awards are about *shifting behaviour* within a marketplace and the true measure of success is the extent to which the market and businesses have changed to deliver additional economic, social and environmental impact. Individual contracts are a means to that end and the aim to be to support models of business that can generate long term systems change, not just extracting maximum value from one individual contract.

We will also need to create the infrastructure for new models of business to emerge, such as social enterprises. This means the public sector and private sector need to work with social enterprises to help capacity build these new models of business, open up contracting opportunities to them and help them to access the finance that they need. Businesses can help through a range of measures through volunteering and mentoring social enterprises through to engaging in campaigns such as the Social Enterprise UK Buy Social Corporate Challenge.

**By 2032 we need social value to be seen as a creator of systems-change. Operationalised through individual contracts but also focusing on the bigger picture, using social value as a strategic tool to shape positive behaviour in the public and private sectors.**

**By 2032 social value will be used by the public and private sectors to buy from organisations which are structured to create added social, economic and environmental value through the way they do business, not just looking at individual contracts in isolation.**



## Case study 1: Suez and embedding social value

SUEZ recycling and recovery UK are a resource and waste management company, who have radically evolved since their inception in the 1980's into the sector's leading materials management businesses, having implemented circular economy principles more than a decade ago. In recent years they have continued on this path by both realigning their business strategy and by basing their day-to-day operations around the triple bottom line.

Social value has been central to informing this new mindset, which SUEZ defines as being 'the cumulative impact of our social, environment and economic impacts', and the first pillar in their triple bottom line definition of people, planet and profit. By understanding this fundamental aspect to enhancing sustainability, SUEZ can better articulate their vision and newfound sense of purpose to their stakeholders in a way that really resonates with them, whether it's a customer in the public sector viewing this through a social value lens, or a supplier who embraces a more environmental, social and governance (ESG) approach. SUEZ not only uses the language that sits most comfortably with their target audiences, but can generate case studies, reports and outcomes that reflect the needs of these multiple audiences.

This approach has been in part driven by the company's leadership team and their desire to be a truly sustainable business, but equally by customers, and a key example of this is SUEZ's successful bid for the Greater Manchester Combined Authorities (GMCA) waste treatment contract, which was completed in 2018. During the bidding process the GMCA placed a 15% weighting on social value, something relatively unheard of in the sector at the time, which demonstrated the importance they placed on the issue and the opportunities it could afford to local charities and disadvantaged groups etc. When combined with the clear themes defined by GMCA's own strategy, this enabled the SUEZ team to develop and invest in a range of new ideas and proposals that reflected these ambitions and utilised their skills and assets to maximise the benefits for the people of Manchester.

The most notable outcome of this to date is the newly installed Renew Hub, a repurposed former composting facility, which now plays host to a series of organisations who upcycle and repair valuable items from bikes to electrical equipment, and represent skills development in terms of repair, trades and maintenance. All this is done by working in partnership with disadvantaged groups such as ex-offenders, offering them training, placements, qualifications and in some cases employment opportunities.

The hub is also a warehouse and distribution point for the thousands of items SUEZ collects for reuse at the 20 household waste recycling centres it manages in Greater Manchester. It holds stock for the three shops located at these sites, which resell these items at much lower cost than buying new, making them affordable to target groups whilst stopping them being sent for disposal or at best recycling, at greater cost to the environment. All the profit from the reuse activities is split between the Mayor's Charity and the Greater Manchester Environment Fund, which SUEZ is committed to donating at least a combined total of £330,000 to every year.

This is creating significant social value for the people of Manchester and beyond, all as a result of an effective procurement, which clearly communicated the GMCA's expectations in relation to social value to its potential contractor, and empowered the private sector to develop innovative new delivery plans which in return are generating new long-term benefits for the community.

## Transformative public services

The UK Government spent £466bn a year on public services in 2020-21 according to the latest figures from HM Treasury.<sup>2</sup> Good quality public services are essential to the wellbeing of the country, but they are also the "bedrock of national productivity" as the Prime Minister noted in his speech to Conservative Party Conference in October 2020.<sup>3</sup>

Unfortunately, the data available on public services shows significant discrepancies in outcomes across the country and a lack of progress in key areas. Research by the Institute for Fiscal Studies found that in England healthy male life expectancy ranges from 53.3 in Blackpool to 71.9 in Richmond-upon-Thames, with the richest men and women expected to have nearly twenty years more of healthy life than those in the most deprived areas.

<sup>2</sup> HM Treasury, Real Terms Public Expenditure, February 2022 – excluding defence, economic affairs and social protection

<sup>3</sup> City AM, In Full: PM Boris Johnson's Tory Conference Speech in full, 6 October 2020

The Institute for Government's pre-pandemic Public Services Performance Tracker in 2019 found that across nine key public services (General Practice, Hospitals, Adult Social Care, Children's Social Care, Neighbourhood Services, Education, Police, Criminal Courts and Prisons) that only two (General Practice and Schools) were there clear plans in place to meet demand, make efficiencies or reduce the scope of services to make them financially sustainable.<sup>4</sup>

It is clear that focusing narrowly on the delivery of key services at the cheapest cost is not improving outcomes on public services, nor is it financially sustainable as the demand for more expensive acute interventions continue to rise year on year, with the Chancellor committing an extra £150bn in public spending in cash terms by 2024-25.<sup>5</sup>

Social value provides an opportunity to redesign our public services to not only drive better outcomes and efficiency, but to consider *how* the delivery of those services can help to drive better health and social wellbeing to reduce demand for more expensive acute services in the future.

Again, this means going beyond the cycle of an individual contract and considering the models of service delivery which maximise the potential of all the resources invested into the delivery of a public service. It also means developing models of public services which *add* value to public investment, not extracting value from public investment as we have seen in areas such as children's care provision where £300m has been extracted as profit from failing services.<sup>6</sup>

In incentivising models and supporting organisations which focus on prevention, on reinvesting savings back into improving local communities and finding better ways to empower staff and local people to take responsibility for improving outcomes, social value can help redesign and transform public services so that they deliver better results.

Social value is a tool to break down the silos between traditional "public service commissioning" and other forms of public spending, encouraging all those receiving public money to meet their contractual obligations in a way that can complement existing public services.

**By 2032 we should measure success by how far we used social value to transform public services, not just by how much we spend on a particular service. Success should be measured by the outcomes, not the outputs.**


**By 2032 we should use social value to commission and spend with organisations which are adding value to public spending, not extracting value from it. We should ensure that organisations that receive public money use all the resources at their disposal to help deliver better outcomes for communities across the country.**

---

<sup>4</sup> Institute for Government, Public Services Performance Tracker, November 2019

<sup>5</sup> HM Treasury, A stronger economy for the British people, 27 October 2021

<sup>6</sup> The Observer, Revealed: top 10 children's care providers made £300m profits, 26 March 2022



## Case study 2: Shaw Trust and transformational public services

Somerset County Council and Shaw Trust have embarked on an innovative long-term partnership which aims to transform children's services in the county, marking a new way for the public and third sector to work together to change the experiences of children and young people.

The 10-year partnership has been developed against a backdrop of unprecedented demand for children's services. In 2020, 80,080 children were taken into care in England, up from 64,370 in 2010. The effects of the pandemic have further strained the sector with a rise in children needing support and a migration of workers out of the care sector.

The partnership takes a long-term view in tackling the crisis. Shaw Trust and SCC will deliver residential children's homes, foster homes and therapeutic education for some of the county's children and young people whose adverse childhood experiences and trauma require more in-depth help and support.

Using integrated funding and staff from the local authority and NHS CAMHS, the partnership aims to create supportive transitional pathways between services that best suit the needs of young people, enabling them to become independent adults who can realise their ambitions and play positive roles in the community. Young people are at the heart of the partnership, involved at every stage of decision making.

The partnership will bring employment to the social care sector via an integrated staffing team, transforming local opportunities with cohesive learning and development, and enhanced career progression.

Within the partnership, Shaw Trust will deliver added social value, with more than £1m committed across the lifetime of the programme into an innovation fund to develop new approaches and additional services that fill cliff edges in provision of a young person's journey from child to career.

## An environmentally sustainable future

The term 'social value' can give the impression that it is only focused on social outcomes. This was reinforced by the scope of the Social Value Act to only cover public services and the language of public service reform which accompanied its passage. However, the Social Value Act is clear that public bodies should consider not just social outcomes but also environmental and wider economic outcomes.

The reason for this is clear. Environmental, social and economic outcomes are all interlinked with each other.

For example, we know that we need to create new 'green' industries *and* green existing industries to reduce our carbon footprint and generate environmentally sustainable goods and services. This will require new jobs with new skills, and we have an opportunity to train people from disadvantaged groups to fill these jobs and boost their standard of living. Higher skills will lead to higher wages, and this can have positive impacts on local economies, regenerating areas and funding better public services. A greener economy can also improve living standards through greater resource efficiency. If we are not focused on environmental sustainability, we may miss these opportunities.

*This is why environmental outcomes must have parity with social and economic outcomes in the future of social value.*


The essence of social value is to strengthen the connections *between* different outcomes and to incentivise models which are able to tackle multiple challenges simultaneously, rather than working within silos or focusing on a narrow set of outcomes. Social value should not, therefore, be seen as a competing or alternative approach to a transition towards a more sustainable economy or working within planetary boundaries, but as a tool for enabling the development of that vision.

Again, this requires an expanded vision of social value beyond just one individual contract and looking at the environmental footprint of the *organisation* and overall production system, not just their commitments to one individual contract. This will require social value to be tracked over much longer time horizons and will require a sophisticated measurement and auditing framework to ensure value is being added.

**By 2032 social value will be understood to be equally as focused on environmental sustainability as it is on improving social and economic outcomes.**

**By 2032 social value will integrate thinking about the circular economy and planetary boundaries into decision making so that we spend with organisations which are actively contributing to environmental sustainability.**

**By 2032 social value will be tracked over decades, not years, to ensure that we are delivering long term environmental sustainability.**



## Social value and Net Zero: Accelerating, not negotiating, the transition

In 2019, the UK Government passed a law to require the UK to bring all greenhouse gas emissions to Net Zero by 2050. This is in line with the United Nation's goal of cutting emissions to limit temperature increases to below 1.5 Celsius.

The Cabinet Office's Social Value Model includes a number of references to Net Zero including promoting "additional environmental benefits in the performance of the contract, including working towards Net Zero greenhouse gas emissions." However there is a risk that this creates confusion with the Net Zero target. Ultimately, the Net Zero target is an essential part of the UK's policy commitment towards tackling climate change. It cannot be seen as optional but is core to all public spending (and should be seen as core to all private sector spending as well).

To consider it from another perspective, is it reasonable for the UK Government to spend with companies that are actively *not* working towards Net Zero, given this legal commitment? The answer is clearly, no. As such, a basic commitment to Net Zero and working towards Net Zero should *not* be considered to be part of "social value", as delivering a commitment to Net Zero is a minimum reasonable expectation that should be made of all organisations in receipt of public money. Social value must not be used in a way that makes Net Zero seem like an optional extra to a contract or that organisations can 'opt out' of commitment to Net Zero. The UK's commitment to Net Zero is non-negotiable.

### **The role of social value in delivering Net Zero is in the *acceleration* of efforts to transition to Net Zero.**

If organisations can create models where they can demonstrate their ability to help the UK to achieve Net Zero faster than alternatives or where they can create additional positive impact through working towards Net Zero (e.g. reduce inequality through hiring people from disadvantaged backgrounds) then that should be considered as social value.

### **By 2032 we need a clear understanding of how social value can contribute to Net Zero.**

**Social value should be focused on how organisations can help the UK to achieve Net Zero faster and with additional benefits to society and the environment, not a basic commitment to Net Zero.**



## Case study 3: Siemens & sustainability

Sustainability is an integral part of our business – it's in our DNA. We empower our customers to drive sustainable growth and transform their industries. With our DEGREE framework, we set strategic ambitions for the benefit of all our stakeholders on the key topics of De-carbonisation, Ethics, Governance, Resource efficiency, Equity and Employability. As a technology company, we are driven by the aspiration to address the world's most profound challenges by leveraging the convergence of digitalization and sustainability.

For 174 years now, Siemens creates impact by providing innovative solutions tackling challenges in the areas of environmental protection, decarbonization, and health and safety. Innovative solutions that have one clear goal: making the world more liveable, more sustainable, and more inclusive.

We're at the forefront of Energy efficiency and green technology within our industries, continually striving to improve our products to meet the needs and improve the lives of the societies we serve.

At Siemens UK, we foster a spirit of Sustainable collaboration with our UK supply chain partners, which is fundamental in positively impacting on society and the environment.

Our ongoing partnership with Social Enterprise UK has facilitated continued adoption of Social Enterprises, ensuring '*Procurement with Purpose*' is a reality across our Procurement teams and businesses, delivering both a mindset and behaviour change.

Through use of our spend and our influence, we passionately guide our key supply partners, our UK business teams and our international community to join the social movement. This not only supports Siemens sustainability ambitions, but ensures we continually strengthen our social value agenda and drive different and purposeful outcomes.

Facilitating the dialogue between our supply base, Siemens and our customer is key, and base provides insights that allows our social enterprise network to expand into new markets and create additional value.



## Three big goals for social value

Social value must have three big targets: systems-change, transformative public services and environmental sustainability. In driving these targets, social value is essential to delivering all the policy challenges that we have identified in this vision.

Figure 3 is a simplified picture of how these pillars interact with the major policy and business challenges of the next decade.

In essence, social value is a decision-making tool, an approach, and is relevant to every major challenge from ESG and public service reform to reducing inequality and strengthening British businesses. In using social value correctly, organisations will deliver the systems change, transformative public services and environmentally sustainable future that will in turn enable the realisation of various policy priorities.

**At the core of social value is the vision of a self-reinforcing cycle where better decision making leads to better choices which create a stronger foundation on which to make future decisions and future choices.**

**Figure 1: Imagining Social Value in 2032**

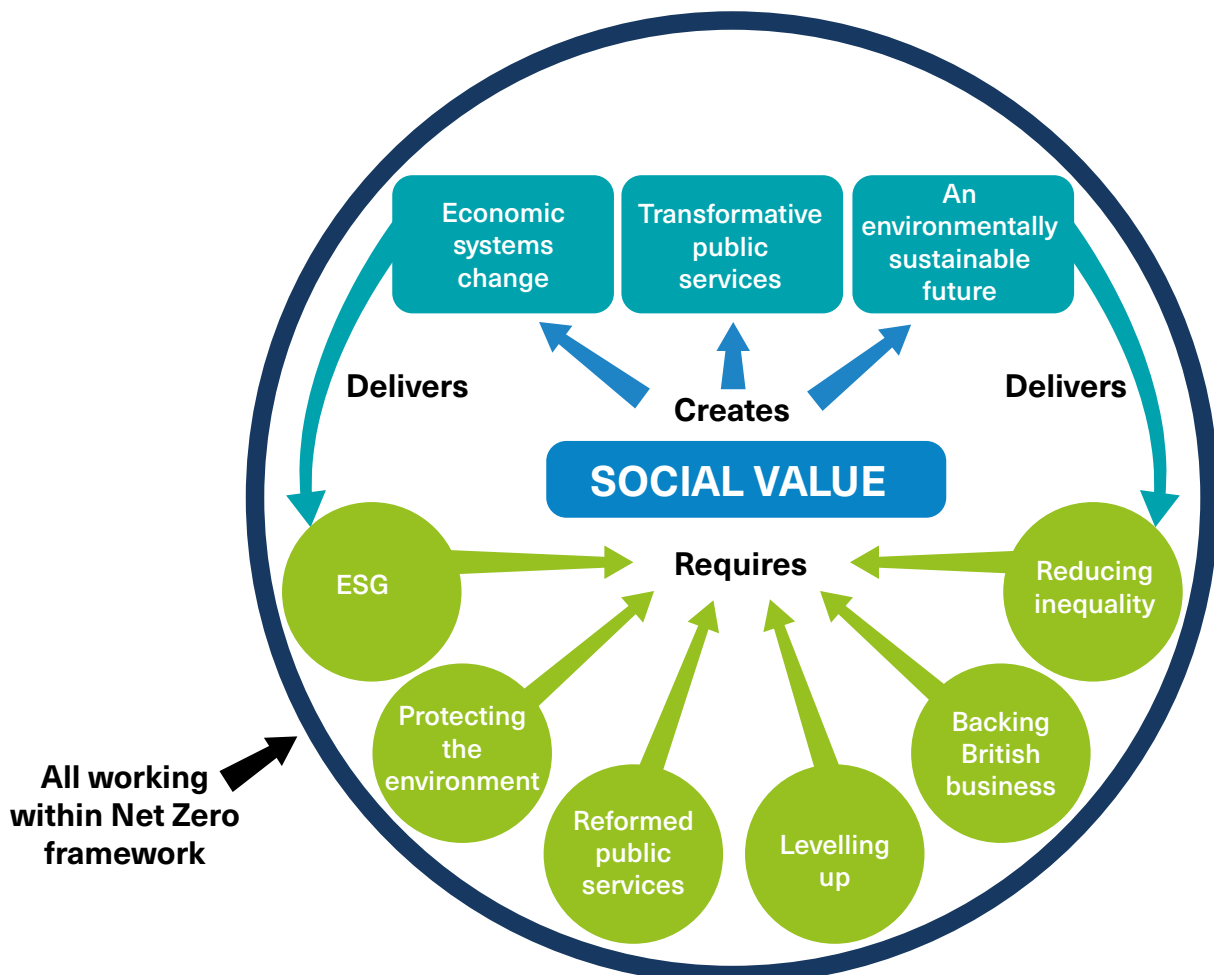
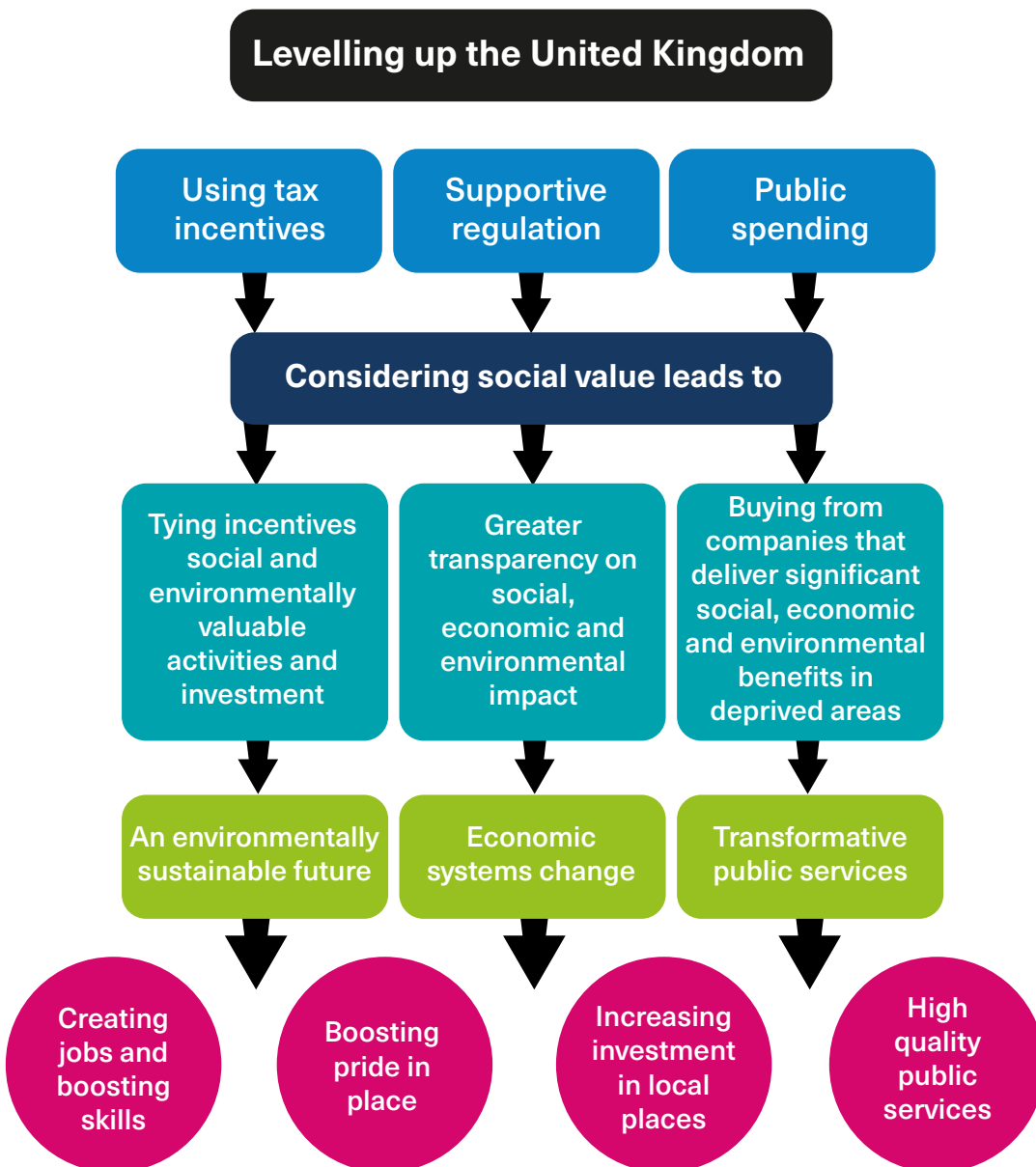


Figure 2 considers social value at an individual outcome level, in this case choosing a present topic on how the UK Government can deliver its commitment to “levelling up” the United Kingdom

As this diagram shows taking the big ‘policy levers’, social value reframes the choices that are made by channelling resources through those organisations which can have significant economic, social and environmental benefit. This in turn changes the foundations of the economic system, the way that we deliver public services and the environment which in turn create the outcomes that we are seeking to drive through levelling up.

**Figure 2: Social Value and ‘Levelling Up’ in practice**



Social value is at its best when it is considered as a long term project to adapt and change behaviour within systems rather than focusing on short-term benefits (e.g. the impact of one individual contract). The individual contracts or short-term decisions should be working towards a larger plan to improve the outcomes generated by system we are working within (e.g. a local authority, a private company, the health service etc.). We should make choices and weight criteria on the basis of what we think will lead to the biggest overall improvement in the system and the outcomes that it generates.

**We need a bigger, bolder vision of social value for the next decade.**

**If we are prepared to think big, we can create a stronger, greener and fairer future through social value, but we need to expand our horizons.**

## Case study 4: PwC and West Midlands Policing

# Voice of the Victim Forum

## PwC Social Value Initiative

In late 2021, PwC was engaged by West Midlands Police (WMP) to drive operational improvement in the management of Rape and Serious Sexual Assault (RASSO) cases. The goal was to increase capability among inexperienced teams, release capacity and improve investigations. All this in the face of a 50% increase in rape reports driving a depressingly poor conviction rate. PwC's Voice of the Victim (VoV) Social Value offer was developed to compliment this programme, to create opportunities for the police and partners - notably victim support charities - to collaborate in improving the experience of rape victims as they interact with the force and wider criminal justice system- from initial report to trial outcome.

PwC co-designed the 'VoV' approach with the force and Office of Police and Crime Commissioner and continues to be central to delivery, by facilitating the forum and driving actions across the multi-agency landscape. The VoV Forum facilitates constructive challenge and reflective practice amongst a wide range of bodies including:

- 10+ local and regional charities and service providers for sexual assault victims and survivors
- The Crown Prosecution Service
- Sexual Assault Referral Centres (SARC) representatives and ISVAs
- WMP Public Protection Unit (PPU)
- The Office of the Police & Crime Commissioner (OPCC)
- Sexual Assault and Abuse Services
- Academia (Uni of Birmingham, Loughborough Uni and the College of Policing)

The forum has already generated tangible outcomes, it is changing the way police officers work with, talk to and respond to victims needs. The forum has observed body worn video and used ISVA and support worker feedback to inform changes in police training and procedures. A 'Take a walk in my shoes' video and case studies have been shared to enhance Police standards, guides and training sessions, alongside 'Meresearch' empirical evidence from the University of Birmingham and Home office Operation Soteria recommendations. The forum has improved Rape scrutiny panels in the West Midlands which now include case reviews selected by the charities. Rape cases are now being fed into a number of audit processes locally and nationally. Victim charity workers are able to represent real stories and experiences to hold the force and CPS to account effectively.

On May 9th the second VoV forum noted that all the actions and ambitions from February's inaugural meeting had progressed at pace. Insight has informed 47 new easily accessible guides for response officers and detectives with improved training successfully rolled out to 1400+ officers and contact staff so far.

Through their partnership with WMP, PwC have successfully delivered a meaningful and long lasting social value initiative. The quarterly 'Voice of the Victim' forums have a new and important role of change agent and facilitator within WMP. They provide greater support to RASSO victims and keep victim experience at the heart of policing.

# THE SOCIAL VALUE ECONOMY

**Our vision of social value lays the foundations for a new economic model.**

Over the past decade the UK has become stuck in a low-growth, low-investment trap which is becoming harder to exit from.

We need to reset the system so that we focus on long-term value creation and tackling the core social, economic and environmental challenges of our time particularly achieving Net Zero, levelling up the country and spreading prosperity.

In short, we need to build a “Social Value Economy”.

An economy where public and private sectors work in partnership to develop business models that not only generate wealth and prosperity over the long term but contribute positively to both society and the environment.

To build that economy, we will need to put social value at the core of the decision making. The way we spend and who we purchase from will lay the foundations for the Social Value Economy.

If we are able to rapidly expand our use of social value by 2032 and achieve our vision of influencing around a fifth of the UK economy, we can deliver transformative results for the UK. But what could that look like?

Let's consider what the prize for the UK in building a Social Value Economy.

## ‘Levelling up’ British business

One of the pillars of social value in 2032 will be a focus on systems-change, particularly in encouraging better models of business.

By 2032, in shaping markets and awarding contracts to those businesses which can generate the largest economic, social and environmental added value, we would have incentivised new models of business which prioritise long term investment (and reinvestment) in people and communities.

If we can, to use the current catchphrase, ‘level up’ British business, there are huge gains to be made.

Not only is a Social Value Economy better for society, it is better for business too. Research has shown that those businesses that are focused on generating social value beyond profit perform better than businesses that are focused just on profitability. Jim Collins and Jerry Porras found that “visionary companies” (guided with a vision beyond making money) returned six times

more to shareholders than explicitly profit-driven rivals.<sup>7</sup> More recently, a survey of business executives in the Harvard Business Review's *The Business Case for Purpose* found 53% of executives that said their organisation had a purpose beyond profit reported greater success with regards to innovation and transformation efforts compared to 19% of executives who said that their business did not have a purpose beyond profit.<sup>8</sup> This view is backed by the UK Government itself. In 2016, the UK Government's Advisory Panel to the Mission-Led Business Review found on average that businesses which embrace social and environmental priorities "perform better, reflect people's ideals and ambitions and so are primed for success". Well governed and purpose-driven businesses are more likely to invest in their business, to invest in their people and spread opportunity throughout their communities.<sup>9</sup>

The imperative to deliver a social and environmental benefit encourages long term thinking. Tackling climate change, reducing inequality or supporting a particular community is not something which can be solved in 12-18 months. The aim is not to pilot an idea and sell the business on with a profit for the owner, but to create a lasting legacy. Unsurprisingly, long termism breeds success.

Research by the McKinsey Global Institute found that long-term orientated firms in the United States grew 47% more on average than other businesses. They also added more than 12,000 jobs than their competitors which if replicated to across the US economy would have seen more than 5m new jobs created. Long-term businesses also invested 50% more in R&D than their peers.<sup>10</sup> Although this research is based on the United States, the principles are equally applicable to the UK. If we could encourage longer-term thinking in the UK, we could generate an extra 625,000 jobs alone, with significant increases in business investment which has been at historic lows in recent years.

The UK's social enterprises, businesses which trade to deliver a social and/or environmental mission and have social value at their core, have also grown faster than mainstream business. The latest data found that 44% of UK social enterprises had grown their turnover before COVID, compared to just under a fifth of SMEs overall.<sup>11</sup> B-Corps, another form of business which target positive social, economic and environmental impact, are also growing faster than other SMEs. Between 2017 and 2019, B Corp SMEs' mean average annual turnover growth was 25% compared to an average of 3% for all SMEs.<sup>12</sup>

A Social Value Economy will also encourage more spend and investment into the most deprived communities. Across the country, public bodies have used their role as 'anchor institutions' to channel more spend into local SMEs and social enterprises which can generate value for the places that need it most. In County Durham, for example, 46% of council procurement spend

---

<sup>7</sup> Built to Last, Jim Collins and Jerry Porras, 1994

<sup>8</sup> The Business Case for Purpose, Harvard Business School Review, 2015

<sup>9</sup> Advisory panel to mission-led business review, One A Mission in the UK Economy, December 2016

<sup>10</sup> Measuring the Economic Impact of Short-Termism, McKinsey & Company, 2017

<sup>11</sup> Social Enterprise UK, No Going Back: State of Social Enterprise 2021, October 2021

<sup>12</sup> B Lab UK, How do UK B Corps perform?, accessed December 2021

is now within the county, with 57% flowing through SMEs and 13% through social enterprises and community organisations.<sup>13</sup> Embedding social value comprehensively across the public sector and largest private sector firms will encourage “glocalisation”, with organisations globally connected but tailored to local needs. Social value will create the opportunity to further grow our domestic supply chains and help to increase the resilience of the UK economy.

**By 2032, by building a Social Value Economy we will have stronger British businesses focused on long term value creation, generating more jobs and higher levels of sustainable growth for the UK.**

## Boosting productivity and innovation

Encouraging public and private sectors to think differently will have a knock-on impact on the UK's productivity and innovation. Currently, UK productivity has increased slower than other competitors in the developed world with embedded innovation in UK businesses cited as one of the core reasons for this slowdown.<sup>14</sup>

The evidence from the UK's 100,000 social enterprises is that embedding social value into the centre of the business drives higher levels of innovation and is likely to have a positive impact on productivity. Two-thirds of social enterprises (66%) introduced a new product or service into the market, far higher than other SMEs. They were also more likely to be investing in their staff, with 81% of social enterprises investing in work and training for their staff compared to 47% of SMEs.<sup>15</sup>

Building a Social Value Economy will not only require changes to existing businesses but building new business or scaling up existing SMEs.

Interestingly a focus on social value in business appears to attract a more diverse group of entrepreneurs which also has a positive impact on innovation. Nearly half (47%) of social enterprises being led by women compared to just 18% of SMEs and 14% were led by people from racialised communities compared to just 8% of SMEs.<sup>16</sup>

Supporting more women-led businesses and women business leaders as well as ethnically diverse entrepreneurs could have significant positive results on the wider economy.

Research by MCSI has found that gender-diverse boards, for example, experienced an increase in productivity of 1.2% above the median between

<sup>13</sup> Durham County Council, Cabinet Paper: Social Value and Local Wealth Building, 13 January 2021

<sup>14</sup> Resolution Foundation, Business Time: How ready are UK firms for the decisive decade?, November 2021

<sup>15</sup> Social Enterprise UK, No Going Back: State of Social Enterprise 2021, October 2021

<sup>16</sup> Social Enterprise UK, No Going Back: State of Social Enterprise 2021, October 2021

2012-2016.<sup>17</sup> Some of this can be explained by these businesses adopting better talent management, but women in leadership positions contribute far more than just improving HR practices. Research by McKinsey also found that advancing women's equality would be worth around \$5.1trillion to GDP in Western Europe, with the UK receiving a significant portion of that increase.<sup>18</sup>

**By 2032, in building a Social Value Economy the UK will be showing higher levels of innovation and productivity than before, with UK firms developing new models of generating social, economic and environmental value boosting UK economic growth considerably.**

## Turbocharging the UK's green economy

Making the transition towards a more sustainable and circular Economy with higher levels of resource efficiency and working within planetary boundaries is not only essential to deliver Net Zero but could have a significant positive impact on the UK economy.

The green economy is also contributing significantly to the UK economy, with gross value add to the UK estimated to be £30.5bn or 1.6 per cent of GDP, employing around 335,000 full-time employees or 1 per cent of total UK employment. The UK is already a world leader in a number of environmental industries, with growing global markets and huge potential for technological innovation.<sup>19</sup>

But according to an Oxford Economic report commissioned by Lloyds Bank, uncertainty about the demand for products and services is holding back the growth of the green economy.<sup>20</sup>

Social value by putting environmental impact at the core decision making, can help to remove that uncertainty and give organisations the confidence to invest in a green future. In making our own domestic market competitive on environmental sustainability, we can also ensure that the UK is a world leader in the global trend towards greater consideration of environmental factors in purchasing and investment decisions. By securing "first mover" advantage, we can secure jobs and investment for the UK and put ourselves in a strong position to lead the global transition of decarbonisation just as we led the Industrial Revolution.

However, demand for environmentally sustainable products is due to rapidly increase in the years ahead. Research by the Economist Intelligence Unit found that global searches on sustainable goods increased by 71% over the past five

<sup>17</sup> Financial Times, Gender-diverse companies are more productive, 12th March 2018

<sup>18</sup> Why diversity matters, McKinsey & Company, accessed April 2020

<sup>19</sup> Institute for Public Policy Research, Prosperity and Justice: A Plan for the New Economy, September 2018 p.221

<sup>20</sup> Oxford Economics, Green Growth: Opportunities for the UK, July 2021



years and accelerated during the pandemic.<sup>21</sup> The most dramatic growth has been in big markets in Asia, most notably India (190% increase), Pakistan (88%) and Indonesia (53%). The Global Sustainability Study 2021 by Simon, Kucher & Partners has found that global consumers are willing to pay a premium for sustainable products and that demand for sustainability will increase as awareness of climate change increases amongst the global middle class.<sup>22</sup>

This study found that 34% of consumers are willing to pay up to 25% more for products that are environmentally sustainable. Younger generations were more willing to pay a premium with 42% of millennials and 39% of Generation Z willing to pay. There were also willing to pay a higher premium, with Millennials prepared to pay a 42% premium on environmentally sustainable products and Generation Z prepared to pay a 39% premium.

Embedding social value to provide the incentives for organisations to invest in environmentally sustainable products could have significant benefits to the UK economy and help the UK to capture a greater share of the burgeoning global market for environmentally sustainable goods and services. Moreover, by moving the UK higher up the value chain and providing goods and services which can generate higher premiums, we can ensure that jobs in these industries attract higher wages which can further improve living standards.

In 2018, the UK Government projected that the green economy could grow by 11 per cent per year up to 2030, which is substantially higher than the projected growth rate for the economy as a whole (estimated at 1-2% per year).<sup>23</sup> If we are able to attract higher levels of investment and exports, we could push this growth rate even higher, generating more jobs and opportunities in the UK as well as driving billions of pounds of green exports.

**By 2032, in building a Social Value Economy the UK will be showing higher levels of innovation and productivity than before, with UK firms developing new models of generating social, economic and environmental value boosting UK economic growth and generating more green jobs.**

## Stronger communities

The pandemic has brought people together to work for the common good. People want this change to be a long term shift towards stronger communities, not a short term response to the extraordinary conditions of the pandemic.

A recent survey by pollster Frank Lutz published by the Centre for Policy Studies found that the top priority of people for business if they had a chance

<sup>21</sup> Economist Intelligence Unit, An Eco-wakening, May 2021

<sup>22</sup> Simon, Kucher & Partners, The Global Sustainability Study 2021, October 2021

<sup>23</sup> Office for Budget Responsibility, Economic and Fiscal Outlook, March 2020

to speak with business leaders was for them to “put people ahead of your profits”. This is not just an isolated result. Nearly three quarters of Britons (72%) told the pollster Ipsos Mori in October 2020 that they are looking to buy brands that reflect their personal values, up from 56% in 2019.<sup>24</sup> Another poll by YouGov in October 2020 also found that 77% of people would like to see more businesses set up with a priority on using their profits and business operations to make a positive impact on the wider community.<sup>25</sup>

This is not just a trend amongst the largest businesses. Research by consultancy Peak B in 2018 found that 43% of small businesses wanted to support their community in some way and 70% believe that small businesses need to focus on people and their needs as a responsible member of the local community.<sup>26</sup>

Unfortunately, the social infrastructure that brings people together has been eroded in recent years. Research on behalf of the All-Party Parliamentary Group on Left-Behind Neighbourhoods found that the poorest neighbourhoods have lower densities of community spaces, cultural assets, sports and leisure facilities and green spaces. In 2019, Oxford Consultants for Social Inclusion (OSCI) and Local Trust identified 225 wards across England which they believe are the most ‘left behind’ wards on the basis that they are amongst the most deprived but they also lack access places and spaces to meet, community organisations and activities and connectivity – digital and physical. Across England they are home to 2.2m people. Unsurprisingly, these places are concentrated in the North of England, with the North East having the highest concentration of left-behind areas.<sup>27</sup>

In creating long-term partnerships between business, communities and the public sector, social value can help to build stronger communities. In many places across the country through social value, private businesses and social enterprises are working with local authorities to keep community assets open and to build stronger communities through investing time, money and expertise into supporting local action.

**By 2032, a Social Value Economy will see private and public sector organisations take greater responsibility for social cohesion and ensuring that we have stronger communities.**

---

<sup>24</sup> Ipsos Mori, Demand for business leaders to speak out on social and political issues rises, amid growing alarm about climate, 8 October 2020

<sup>25</sup> YouGov, Polling for Social Enterprise UK, 2019

<sup>26</sup> Peak B, Small Business Community Impact, September 2018

<sup>27</sup> Left behind? Understanding communities on the edge, Oxford Consultants for Social Inclusion & Local Trust, September 2019

## Building a new global market for social value

The UK is already a world leader in business services, including, audit and accounting and consultancy. According to the latest data, the accountancy profession contributed £59 billion to UK GDP in 2017—of which £21 billion was generated by the activities of the accounting industry. £38 billion is estimated to have been contributed by “in-house” accountants embedded within other industries throughout the economy.<sup>28</sup> There were around 613,100 individuals employed in accounting roles in the UK during 2017, making the profession one of the largest in the country.<sup>29</sup>

Moving towards a Social Value Economy will create new jobs and opportunities, as we expand expertise to cover not only financial value but social, economic and environmental value. Already we have strong networks of professionals such as Social Value UK, the Social Audit Network and others which are supporting a new generation of “social value experts” that are able to advise companies on how to maximise, measure and account for their social value.

Environmental accounting, audit and measurement is also in high demand. According to a report by Ecuity for the Local Government Association, the UK has a large skills gap for green consultancy and financial services. There is a danger that without this expertise and support, organisations will struggle to make the transition to a greener economy.<sup>30</sup> As the world moves towards greater measurement of social, economic and environmental value, the UK has a chance to become a world leader in the measurement and development of social value.

Since 2010, UK exports of accounting services have grown by 210%, rising from £1bn to £3.1bn.<sup>31</sup> If we can expand the domestic market for social value accounting, auditing and consultancy, we can generate hundreds of millions in new exports for the UK financial services sector and generate thousands of new jobs.

The UK is already in a strong position to be the global centre for social value given the UK’s global reach on financial services. However, we must keep ahead of international competition.

**By 2032, a Social Value Economy will see the UK as a world leader in the measurement, audit and consultancy of social value enabling organisations to get the expertise they need to maximise their social value and exporting their services around the world creating exports and jobs for the UK economy.**

<sup>28</sup> Oxford Economics, The Accountancy Profession in the UK and Ireland, November 2018

<sup>29</sup> Ibid.

<sup>30</sup> Ecuity, Local Green Jobs – accelerating a sustainable economic recovery, November 2021

<sup>31</sup> Ibid.

# THE SOCIAL VALUE JOURNEY: WHY WE CAN HAVE CONFIDENCE IN THE FUTURE

## Social value wasn't invented in 2012

This year marks the 10<sup>th</sup> anniversary of the passage of the Public Services (Social Value) Act 2012 - my Private Member's Bill. It was the first legislation of its kind anywhere in the world that proactively encouraged the state to consider the social, economic and environmental wellbeing that could be generated through smarter procurement.

We should be confident that social value has a critical role to play in our future because the story of social value has been a long one, with ever rising recognition of the power of how we spend our money.

The term "social value" itself has a long history and was first mentioned in the House of Commons over 100 years ago. In a debate on social housing in 1919, the Liberal MP Robert Munro spoke of the "social value" that good housing creates for workers and which "release the springs of industry". Munro's words are as true today as they were then.

## How did we get here?

Momentum behind social value has been rapidly increasing over the past twenty years.

During the 1980s and 1990s, procurement in the UK had been governed by the concept of "value for money". This was narrowly defined as "the optimum combination of whole-life costs and qualities (or fitness for purpose) to meet the user's requirement." In practice this was usually defined as the cheapest cost for the minimum quality acceptable.

Things began to change in the early 2000s, where more enlightened policy making led the UK Government to begin consideration of inserting "community benefit clauses" into public sector contracts, particularly focused around providing employment and training opportunities through procuring services, goods and works.<sup>32</sup> Local authorities were also given

<sup>32</sup> Joseph Rowntree Foundation, Achieving Community Benefits through contracts: law, policy and practice, December 2002

a “wellbeing” power in the Local Government Act 2000, enabling them to do anything that they considered likely to achieve the economic, social and environmental well-being of their area.

All this meant that during the course of the 2000s, local authorities and other public bodies were increasingly aware of the potential to use procurement to generate positive social and environmental outcomes, but there was still hesitation.

## The Social Value Act: Resetting the system

Social Enterprise UK in its 2010 General Election Manifesto called on the UK Government to ensure that “social and environmental criteria [are] incorporated in all procurement decisions.” A growing social enterprise movement had become critical to the delivery of many public services in health, social care, transport. However, commissioners and social enterprises were hindered by the lack of a clear framework for recognising and awarding contracts on the basis of the value being created by social enterprises.

This made the development of a more enabling legislative environment essential. It was for this reason that I decided to introduce the Public Services (Social Enterprise & Social Value) Bill to the House of Commons.

The Bill (more widely known as the Social Value Act) provided express permission for all public bodies to consider social, economic and environmental well-being when designing and procuring public services. Due to the radical nature of the legislation, the UK Government was only prepared to allow social value to cover public services and given the Coalition Government’s focus on public service reform, this was deemed to be the most effective route to pursue social value. The Act gave all public bodies the permission to embed social value into their procurement processes but did not make this compulsory. It also covered only England and Wales, with procurement being a devolved policy in Scotland and Northern Ireland.

Despite these limitations, the passage of the Social Value Act on the 8<sup>th</sup> March 2012 kicked off a period of significant experimentation with social value within public sector procurement. Durham County Council set up a “Social Value Taskforce”, with the Federation of Small Business and Social Enterprise UK in support, in 2013 which immediately expanded social value to cover goods and works contracts as well as services, identifying the potential for social value to create significant additional value for local residents. At the same time, in the North West of England, Knowsley Borough Council created its own social value framework, becoming one of the first public bodies to define what social value meant for its local residents focusing on education, health and wellbeing, social care, growth and employment and environmental

sustainability. This approach became a model that was eventually adopted by national government in its own “Social Value Model”. In the Midlands, Birmingham City Council went further in signalling to the market its commitment to social value, by introducing a minimum 20% weighting for social value in tenders. This approach of a minimum weighting for social value increasingly became the norm in local government, with weightings reaching as high as 30% in some parts of the country. Consistently, local government and public bodies working in the most disadvantaged communities were at the forefront of social value.

In 2014 the Scottish Government created a new “sustainable procurement duty” requiring all public bodies to consider how it could improve social, economic and environmental wellbeing in the area in which it operates, with a particular focus on reducing inequality. Social value now covered three of the four parts of the United Kingdom.

## Everywhere it has been taken up “it has had a positive effect” ...but it hasn’t been taken up everywhere

The immediate success and impact of the Act swiftly led to calls by the public sector, small businesses and social enterprises for the legislation to be expanded to cover more parts of public spending. In 2015, this led to Lord Young’s Review of the Social Value Act, commissioned by the Cabinet Office which sought to take stock of progress.

Lord Young found that “where [The Social Value Act] has been taken up, it has had a positive effective encouraging a more holistic approach to commissioning which seeks to achieve an optimal combination of quality and best value.”<sup>33</sup> However, the review also found that despite growing awareness, “incorporation of social value in actual procurements appears to be relatively low” and that there were challenges with measuring social value, a problem that still exists today.<sup>34</sup> There also remained, despite demand from the public and private sector’s, no statutory guidance from the UK Government on how to implement social value.

Public sector interest in social value was also appealing to a wider private sector audience and in 2015, the Department for Digital, Culture, Media & Sport and Social Enterprise UK launched a “Buy Social Corporate Challenge” to encourage private businesses to embed social value into their supply chains and buy from social enterprises. The challenge contained an ambitious goal to increase spend with social enterprises across the private sector by £1bn.

<sup>33</sup> Cabinet Office, Social Value Act Review, February 2015

<sup>34</sup> Ibid.

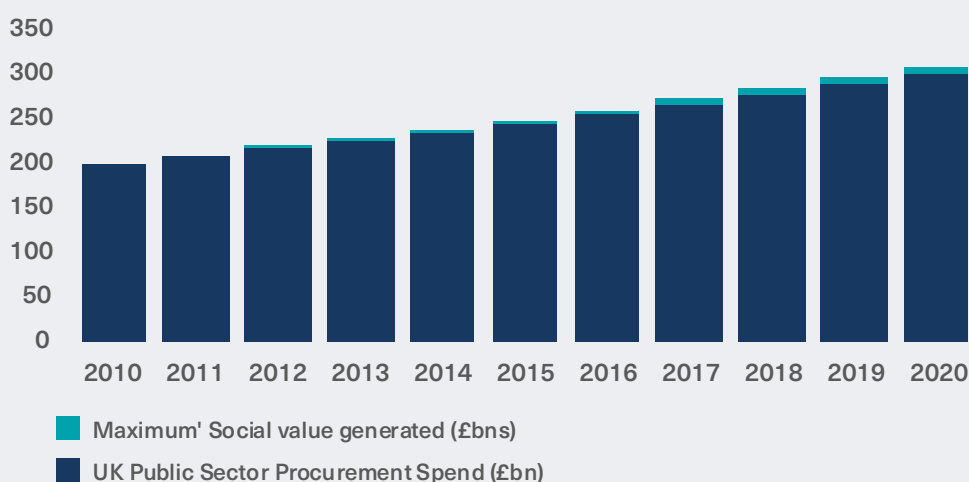
Social value continued to be driven by innovative pioneers rather than being consistently applied across the public sector. A review into the use of social value in the health service by Social Enterprise UK and National Voices in 2017 found that only 13% of Clinical Commissioning Groups could provide detailed evidence of their positive use of the Social Value Act.<sup>35</sup> 43% of CCGs had a “passive approach to social value”.

Once I left Parliament, I carried out an independent review into social value in 2017. My review found that social value was only influencing £25bn of public sector spending out of total of £268bn.<sup>36</sup> Although this was progress, social value was still not reaching as deeply into public sector spending as it could be. The initial start up phase of social value appeared to be stalling.

## Social Value: A Missed Opportunity?

the Social Value Act was introduced in 2010, the UK public sector was estimated to spend £200bn on procuring goods, services and works. By 2020 this figure had risen to £300bn. However, due to the permissive nature of social value legislation and patchy implementation, the potential impact of social value has not been fully realised.

**Figure 3: Maximum potential social value generated 2010-2020 (£bns)**



Unfortunately, there has been no centralised tracking of social value over the past decade to evaluate its impact.

<sup>35</sup> Social Enterprise UK & National Voices, Healthy Commissioning, 2017

<sup>36</sup> Chris White, Our Money, Our Future, November 2017

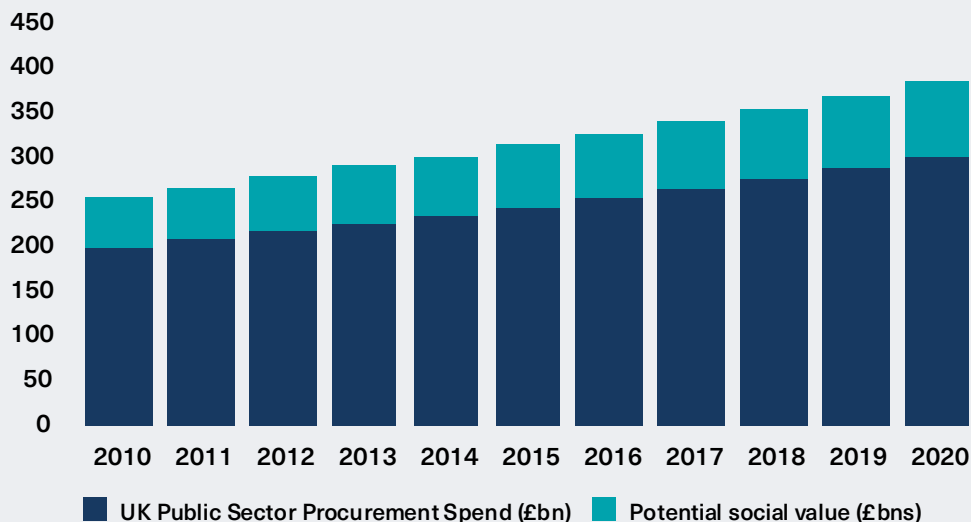
However, looking at the available data on the size of public sector procurement and estimates on the influence of social value collected by Social Enterprise UK during this period, combined with data from leading practitioners on social value on what is possible, we can attempt to estimate what the ‘best case scenario’ for social value generated in the UK public sector has been during the period 2010-2020 before the pandemic hit.

Based on this approach which assumes that at its best a “social value approach” can generate economic, social and environmental wellbeing worth 28% of contract spend – based on STAR Procurement’s results in the Greater Manchester area – **we can estimate that social value could have generated £36bn in additional social, economic and environmental value to the UK between 2010-2020.**

To put this in context, this is equivalent to the cost of eight UK Government “Levelling Up Funds”, training 1.2m apprenticeships or planting 3.6bn trees.

This is a considerable amount of value creation, particularly given the limited scope of the Social Value Act. The true figure is likely to be smaller than this, given that not all public bodies will be generated value in equal terms and that impact may vary given a variety of factors. However, social value is still likely to be generating tens of billions of pounds worth of economic, social and environmental wellbeing every year to the UK.

#### Figure 4: ‘Missed’ social value 2010-2020



Using the same methodology, we can consider the counterfactual. What if social value had been used universally across the public sector from the very start of the decade to the end. Again, based on the best case scenario outlined previously, **we can estimate that if social value had been done well and across the public sector additional social, economic and environmental value worth £762bn could have been generated for the UK.**



This means that even with high performance in those public bodies that have used a social value approach less than 5% of the potential gains of social value have been realised during that decade. Some social value has been secured, however, thanks to the Social Value Act and other initiatives, which leaves us with a 'Social Value Gap' during the 2010s that could be as high as £726bn.

Again, to put this into context, this gap is equivalent to five times the spend the National Health Service. **Annualised, the current 'Social Value Gap' could be running at £56bn a year.** This is equivalent to the value of 1.9m jobs paying the median UK salary or more than double the UK Government's current commitment to investment in Net Zero.

The true figure is likely to be lower for the reasons stated previously but the annual figure is still likely to be in the tens of billions of pounds. What this thought experiment demonstrates is that we are only scratching the surface of the additional social, economic and environmental value that can be generated through smarter procurement in the public sector.

At a time when the UK Government is concerned about levelling up the economy, delivering Net Zero and keeping on top of public spending social value has a critical role to play. The potential for 'catch up growth' in social value is considerable if the right systems and frameworks are put in place.

## Rebuilding trust in public procurement

Towards the end of the 2010s, social value appeared to be an established part of public policy but without a strong commitment to go further or faster.

This situation changed by something going wrong rather than something going right.

The collapse of outsourcer Carillion in 2018 saw a flurry of announcements from the government to "rebuild trust" in public procurement. Critically, policy makers turned again to social value as a tool to create greater diversity in who government spent its money with. David Lidington, Chancellor of the Duchy of Lancaster and *de facto* Deputy Prime Minister announced that central government would extend the requirements of social value "to ensure all major procurements explicitly evaluate social value where appropriate, rather than just 'consider' it".<sup>37</sup> At a stroke, this decision increased the direct influence of social value on public sector procurement from £25bn to over £100bn out of around £300bn of public sector procurement.<sup>38</sup>

<sup>37</sup> Cabinet Office, Government announces major changes to rebuild trust after Carillion, 25 June 2018

<sup>38</sup> Institute for Government, Whitehall Monitor, Spending: Procurement spending in day-to-day departmental budgets, January 2022 & Cabinet Office, Transforming Public Procurement – Government response to consultation, 6 December 2021

Consultation with business, social enterprises and experts saw the development of a new “Social Value Model” which included, for the first in central government, explicit ‘themes, outcomes and measures’ for social value within Whitehall. A new Social Value Model and a new national target to decarbonise the economy by 2050 had generated significant increases in awareness of social value. A need to “build back better” after the pandemic also saw the UK Government turn to social value as a tool to help communities and people that were negatively impacted by the pandemic and repeated lockdowns.

The story of the past twenty years is clear, whatever the political weather or the policy challenge in question, social value will keep coming back as an important tool for local and national governments to achieve their objectives.

## Towards stakeholder business

Social value has also been part of a growing trend in the private sector to recognise the need for more social and environmentally sustainable businesses. A trend which has accelerated since I proposed the Social Value Act in 2010.

In 2012, the development of “Doughnut Economics” by economist Kate Raworth identified the need for the planet to shift towards an economic model that worked within planetary boundaries such as biodiversity, carbon emissions and land clearance. Doughnut principles have now been adopted by policy makers and businesses in cities across Europe and North America including Barcelona, Amsterdam, Copenhagen, Brussels and Nanaimo, Canada. Thinking about the economy needs to stay within planetary boundaries has taken on new urgency with the commitment to limiting climate change to 1.5 degrees Celsius in the 2015 Paris Agreement, renewed commitment at COP26 in Glasgow and Net Zero target in the UK. Growing awareness of the need to protect the environment and develop a “Circular Economy” has led private companies to look again at how they develop their supply chains, where they source their products and services from.

In the wake of the financial crisis there has been increasing focus on the structure of businesses, with greater discussion of “Environment, Social and Governance” (ESG) factors particularly in the investment community. According to research by think tank Common Wealth, there are now over 800 “ethical” investment funds in the UK with £266bn of assets under management.<sup>39</sup> The rise of ESG has meant that firms which can demonstrate they have systems to generate positive social, economic and environmental impact are able to raise capital from a broader pool of funds. This has led more private businesses to consider the social value that they generate as a way to demonstrate their embodiment of ESG principles.

Alongside this focus on environmental, social and governance factors, business leaders have begun to appreciate that the structure of business can create short-termism and poor decision making.

<sup>39</sup> Common Wealth, Doing Well by Doing Good?: Examining the rise of ESG Investing, December 2020

In the UK, a survey of 660 business leaders commissioned by the British Academy found that 63% of business leaders had taken steps to make their own business “purposeful” – that is to have a purpose beyond just generating profit.<sup>40</sup> Their *Future of the Corporation* programme has developed a consensus around a new “purpose of the corporation” around the need for business to find profitable solutions to the problems of people and the planet, effectively taking greater social and environmental responsibility.<sup>41</sup> Whether in the public sector or the private sector, all roads lead towards increasing use of social value.

## Levelling Up: The challenge of this decade

A new policy consensus has emerged in the UK that the quality of UK economic performance has to change, not just the quantity. All mainstream political parties are committed to spreading economic growth more fairly across the country and within communities, with the term “levelling up” becoming part of the policy lexicon.

Social value is a central part of this agenda, with the UK Government’s *Levelling Up White Paper* making repeated references to social value as a way to create jobs and opportunities across the country, so that buyers “will not consider price alone, but look at how public sector contracts can support local communities and disadvantaged groups.”<sup>42</sup>

As the UK looks to recover from the pandemic and with ever greater long term pressures on the public finances, social value will be a critical policy tool for delivering levelling up and getting the most out of public spending.

## Social value isn’t going anywhere

Generating efficiency and impact from public spending, supporting more responsible business, achieving Net Zero and moving towards a Circular Economy, delivering Levelling Up. Social value cuts across every major policy agenda and progress has been accelerating in recent years.

The challenge is not whether we will expand and integrate social value more deeply across the public and private sectors, but how quickly we can achieve this to realise the clear benefits that this approach can bring.

### **Social value isn’t going anywhere, but what should the future hold?**

<sup>40</sup> The British Academy, Survey Highlights appreciate for new definition of corporate purpose among UK businesses, 15 October 2020

<sup>41</sup> The British Academy, Policy & Practice for Purposeful Business, 23 September 2021

<sup>42</sup> Department for Housing, Levelling Up & Communities, Levelling Up the United Kingdom White Paper, February 2022

# THE CALL TO ACTION

To make this vision of a Social Value Economy a reality, everyone needs to play their part. Strong partnerships between the public and private sectors as well as civil society will be essential. This vision is a **call to action** across the UK economy and society, to embed social value within their organisation and develop pro-active strategies which can accelerate a transition to a stronger, fairer and greener future.

Working together the partners delivering the Social Value 2032 programme will engage with all stakeholders to see how we can realise this vision. Our next step will be to develop a “Social Value 2032 Roadmap” which will look at the policy and practical challenges and opportunities in delivering this vision which will be published in Autumn 2022.

We are embarking on a new phase of the social value journey.

**Let's get moving, together.**

## UK Government

- Needs to create the infrastructure for a Social Value Economy through a supportive policy environment and long term commitment to social value principles.
- Ensure its own spend supports social value through its own purchasing decisions and engaging with businesses and social enterprises to monitor progress.
- Adapt its Social Value Model to expand evaluation beyond a ‘contract by contract’ approach and looking at the impact on the wider market and system.
- Provide investment in the tools for measuring and reporting on social value, particularly for SMEs and social enterprises.
- Actively monitoring its supply chains to ensure that social value is embedded in all organisations that provide goods and services from the public sector.

## Regional and local government

- Ensure its own spend supports social value through its own purchasing decisions and engaging with businesses and social enterprises to monitor progress.
- Broker relationships between larger businesses, social enterprises, SMEs and public bodies to create supply chains which can deliver social value.
- Use the policy tools available (planning, business rates etc.) to support the development of SMEs and social enterprises which can deliver social value effectively.

## Large businesses

- Show leadership on social value by embedding it into the overall business strategy, not just procurement – consider how your business can maximise social, economic and environmental wellbeing through the way you do business.
- Embed social value into the way that you spend and partner with external organisations.
- Educate your supply chains on how to deliver social value and how they can embed social value in their business models.
- Create long term pipelines for procurement spend so that smaller firms and social enterprises can gear themselves up to win business and transition to deliver social value.

## Investors

- Share knowledge and expertise with public and large businesses on how to measure and track impact.
- Work with larger businesses the flexible finance to enable impactful social enterprises and SMEs to 'scale up' to meet the demand for their products and services.

## SMEs and social enterprises

- Get better at measuring and understanding your social value and finding effective ways to communicate value.
- Continue innovating and developing new models to produce goods and services which maximise additional social, economic and environmental impact.
- Be aware of the opportunities to work with public sector bodies and large businesses and not be afraid to grow and expand your business.

## Civil Society

- Work with public and private sectors to hold organisations committed to deliver social value to account.
- Educate consumers on the need to "Buy Social" and to consider the impact of their spending.
- Hold national, region and local government to account for their progress in implementing social value.



# Social Value 2032

A large blue graphic element on the right side of the title, consisting of several overlapping diagonal stripes in various shades of blue, creating a sense of movement and depth.

shaw trust

SIEMENS



Social Enterprise UK  
**Social  
Value  
2032**

Social Value 2032: Shaping the Future of Social Value has been launched to commemorate the 10th anniversary of the Social Value Act and further expands its impact and influence.

The programme is being led by Professor Chris White, former Member of Parliament and author of the Social Value Act with Social Enterprise UK overseeing the delivery of the programme in support with a coalition of companies at the forefront of the social value agenda including PwC, Siemens, SUEZ recycling and recovery UK and Shaw Trust.

The programme considers how social value can be expanded to cover all public sector procurement and go beyond this, influencing the spending of the UK's largest companies.

If this is achieved, it will unlock billions of investment in new low carbon products; creating thousands of employment and training opportunities and see millions of pounds reinvested back into providing social, environmental and cultural infrastructure for communities.

This vision document was a joint creation of the partners, convened and authored by Professor Chris White.

This vision will underpin the development of a Social Value 2032 Roadmap which will lay out practical and policy challenges needed to deliver this vision.

For more information contact Andrew O'Brien, Director of External Affairs, Social Enterprise UK – [andrew.obrien@socialenterprise.org.uk](mailto:andrew.obrien@socialenterprise.org.uk).

