

# Contract for Change Background and Programme Overview - 2022

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## Background

### What is social value?

Social Value is an internationally recognised definition of value based on an understanding of what is 'good' from the perspective of the people experiencing it. As a consequence, whilst the range of social value identified is as broad as the span of society, it holds true that many common themes emerge. For although every person is made up from a unique combination of knowledge, experience and outlook, as different as we all are, in many aspects, our common 'code' or understandings of what creates or removes value from our lives is similar and comparable.

Common value themes include good health and wellbeing, the lessening of poverty, and improvement of economic prospects and living conditions; fair and decent work, the treatment of others and ourselves with dignity, equality and respect; the creation of community cohesion, and environmental protection and improvements. These broader definitions of what we collectively find 'valuable' should sit alongside traditional, financial outcome measures when decision making.

Embracing a broader definition of value has enormous potential to change how we understand the world around us, and the decisions we take on where to invest our valuable resources, and how we prioritise our energies, innovation, and creativity.



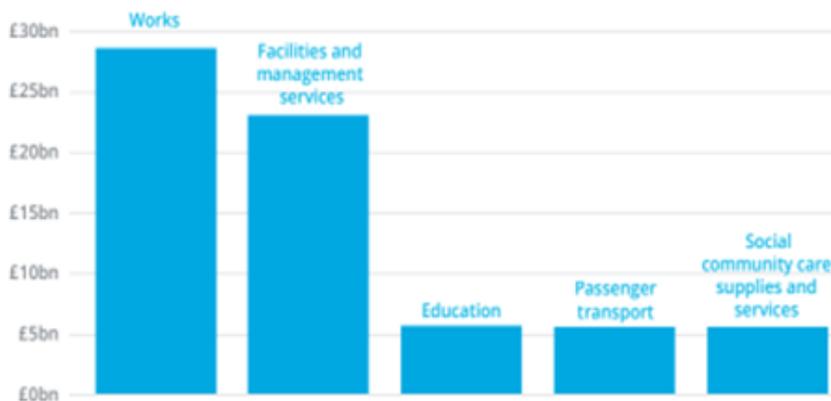
## Vast potential through Government spend:

The Institute for Government, [Government procurement - The scale and nature of contracting in the UK](#) report highlighted the extent of spending and contracting within the public sector. A third of total public sector expenditure is spent on the acquisition of goods, services and works, in excess of £280B. This spend is approximately 13.7% of Gross Domestic Products, across 100,000's of third parties and accounts for 47% of total spend on average across Local Authorities.

The Institute for Government found the spend to be broken down between Works, Facilities and Management Services, Education, Passenger Transport and Social Community Care Suppliers and Services.

**Figure 1 Top five procurement categories across government, 2016/17\***

\*Credit – Institute of Government, Government procurement The scale and nature of contracting in the UK. Author Nick Davies, Oliver Chan, Aron Cheung, Gavin Freeguard, Emma Norris  
[https://www.instituteforgovernment.org.uk/sites/default/files/publications/ifg\\_procurement\\_WEB\\_4.pdf](https://www.instituteforgovernment.org.uk/sites/default/files/publications/ifg_procurement_WEB_4.pdf)



## Legislative responsibilities and practice:

Approaches to implementing social value within Procurement and Commissioning have taken great strides forward over recent years. This has included the development of legislation and policy, while various practical techniques such as evaluation and measurement tools and methodologies have been adopted. All those who shape and are affected by the procurement and commissioning process (including service designers and providers, funders, procurement professionals, the users of the works, services and goods and wider stakeholders) now have a far greater understanding of the potential of social value, with much commissioning activity already incorporating specific social value outcomes and mechanisms for creation and evaluation, not least Social Return on Investment methodologies.

The Public Services (Social Value) Act 2012 creates an obligation for all public bodies to consider through the commissioning or procurement cycles how the social, economic and environmental wellbeing of a place could be improved. This legislative requirement alongside public bodies own



policies around social value have led to a significant increase in awareness and impact. However, the approach to implementing social value has been relatively piecemeal with limited structure around sharing best practices and case studies or creating an evidence base to inform and assist commissioners and procurement for future strategies, service design and contracts. This is a key area that the Contract for Change programme will aim to address.

## Contract for Change Programme Purpose

The UK government spend in the region of £280B per annum across the entire Public Sector and Devolved Administrations. A significant amount of this expenditure is delivering critical public services and often being delivered in part or completely by third parties. Third party suppliers to government often spend in the region of 40-60% of turnover on third party goods and services, which amplifies the importance of influencing procurement spend to deliver improved policy outcomes. Therefore, our opportunity is to provide the Third, Public and Private Sectors with an approach that allows them to increase their ability to create greater Social Value for the good of all when commissioning or procuring goods and services.

This Contract for Change programme seeks to harness the Social Value created by embedding social value as an integral part of an organisation's purpose and mission, whilst ensuring that this focus provides direction to the organisation's commissioning and procurement activity. (Commissioning and procurement activity to include works, services and goods that are contracted from external providers and those performed by in-house functions). The approach will provide direction on how to position, plan, procure, and provide for the creation of greater Social Value by organisations.

Social Value creation necessitates a people centred approach. To be successful, an organisation must first understand the context in which it operates in society as a whole and the contribution and consequences it makes (both intended and unintended) on the wider world. This contribution is best understood from the perspective of the people that are affected by an organisation's actions. To this end, Social Value UK defines Social Value as "the value that people place on the changes they experience in their lives." ([www.SocialValueUk.org](http://www.SocialValueUk.org))

The programme aims to create cross sectoral collaboration to develop an approach that will:

- Help organisations to clarify their Social Value intent and purpose;
- Identify their key social value goals and integrate these into their organisational activity;
- Connect their organisational and functional strategies to their operations;
- Design their commissioning and procurement activity around their social value goals;
- Improve communication of these goals across their supply chains
- Ensure effective measurement and reporting



- Embed social value into their strategic, tactical and operational decision making.
- Provide training, guidance and practice sharing to support continuous improvement across the profession
- Develop an open, collaborative, cross sectoral community to share and develop practice together

## Desired Outcomes

On completion of the programme, we will have created a broad 'principles-led' approach to social value that can be embedded throughout an organisation from organisational strategy all the way down to detailed commissioning, procurement and contracting practices. This will include a set of guides, templates and tools which will support the practical implementation of the methodologies: in effect a 'Toolkit'.

This approach aims to develop practice for embedding social value creation in:

- Organisational strategy development;
- Social Value strategy and policy development
- Business planning and business case development;
- Commissioning and Procurement strategies, policy, governance and processes;
- Category management, including pre-market engagement, specification development, sourcing, contract management and SRM;
- Performance management, measurement of outcomes and Social Return on Investment (SROI).
- Verification, assurance or external accreditation to build confidence in practice and data

The desired outcomes are outlined in the below table outlining the problem, solution, stakeholders, and changes we expect to see:

Impact question	Contract for Change Purpose Statements
<p><b>What problem are we trying to solve?</b></p>	<p>Problem Statement:</p> <p>There are gaps in social value practice from strategy through to procurement and contracting, and actual impact on stakeholders, both within organisations and from buyers through supply chains. This is leading to poor, limited or inconsistent social value management practice in procurement and contracting which increases the risk of negative impact on people and the environment, at a time when we are facing critical challenges socially and environmentally. Organisations</p>



	<p>need to be more innovative in their approach to social value, and expect to behave differently as a part of this practice.</p>
<p><b>What is our proposed solution to the problem?</b></p>	<p>Proposed Solution:</p> <p>Cross sectoral collaboration to develop an approach that will:</p> <ul style="list-style-type: none"> <li>• Help organisations to clarify their Social Value intent and purpose;</li> <li>• Identify their key social value goals and integrate these into their organisational activity;</li> <li>• Connect their organisational and functional strategies to their operations;</li> <li>• Design their commissioning and procurement activity around their social value goals;</li> <li>• Improve communication of these goals across their supply chains</li> <li>• Ensure effective measurement and reporting</li> <li>• Embed social value into their strategic, tactical and operational decision making.</li> <li>• Provide training, guidance and practice sharing to support continuous improvement across the profession</li> <li>• Develop an open, collaborative, cross sectoral community to share and develop practice together</li> </ul>
<p><b>Who are the stakeholders who will be affected by this programme?</b></p>	<p>Key Stakeholders</p> <ul style="list-style-type: none"> <li>• Public sector contracting authorities</li> <li>• SMEs</li> <li>• VCSEs who engaging in contract delivery</li> <li>• VCSEs who are engaged to deliver SV</li> <li>• SV Procurement Practitioners</li> <li>• Different departments within organisations</li> </ul> <p>**Ultimately aiming for better SV creation in society (change the world!). But our more immediate stakeholders are those that will engage with the development and delivery of the programme of work, and those that will engage with the outputs produced</p>



	Outputs	Outcomes
<p><b>What are we aiming to change because of this programme changes are (or are likely to be) experienced?</b></p> <p><b>Which changes matter and are important enough for us to manage?</b></p>	<ul style="list-style-type: none"> <li>• Convening space for conversations / connections developed and active,</li> <li>• Framework of 'what good looks like' in social value in procurement practice developed, accessible and clearly being implemented,</li> <li>• Better understanding of what convergence looks like (i.e. not just convergence of metrics, but a convergence of standards of practice underpinned by Social Value Principles),</li> <li>• Change in policy towards more proactive social value practice (more push than pull)</li> <li>• Clear connection between social value and the Climate emergency has been made and is being communicated and implemented in practice</li> </ul>	<ul style="list-style-type: none"> <li>• Better collaboration between sectors – public, private and civil</li> <li>• Greater VCSE sector voice in social value in supply chains</li> <li>• Organisations counting and valuing outcomes not outputs</li> <li>• Better awareness and understanding of SV across supply chains</li> <li>• Greater consistency in standards of practice in managing SV in contracting</li> <li>• Greater understanding of what good practice is and looks like</li> <li>• Better connection in practice between social and environmental value</li> </ul>

## Social Value Principles

The Programme will aim to embed the [8 Principles of Social Value](#) as defined by Social Value International, and advocated for by Social Value UK, into all practice developed.

1. Involving Stakeholders
2. Understand Change
3. Only include what is material
4. Don't overclaim
5. Value what matters
6. Be transparent



7. Verify the result
8. Be Responsive

“The Principles of Social Value provide the basic building blocks for anyone who wants to make decisions that take this wider definition of value into account, in order to increase equality, improve wellbeing and increase environmental sustainability. They are generally accepted social accounting principles and are important for accountability and maximising social value.” Social Value UK (<http://www.socialvalueuk.org/what-is-social-value/the-principles-of-social-value/>)

## Programme structure

The structure of the programme is one of service.

Each role is feeding up to delivering better impact for our immediate stakeholders (buyers / suppliers of goods/works/services) and their stakeholders, i.e. the communities they affect.

This is a volunteer led programme.

- Steering Committee: inc strategic partners, SVUK, and representatives of stakeholders
- Strategic Partners: support programme coordination and delivery and specific work outputs
- Programme coordinator: SVUK. Responsible for coordinating programme delivery
- Thematic groups (developed overseen by Steering Committee): TBC

## Working Groups:

There will be 4 key groups:

1. **Peer networking, practice sharing, and collaboration:** connecting across sectors to share current practice, to - identify the enablers and constraints to embedding social value principles in procurement and make proposals to tackling these. The group will lead on conferences, events and sharing resources.
2. **Best practice, learning and capacity building:** the group will focus on implement proposals from community to develop better practice, improving learning resources and build capacity , e.g developing and accrediting training; resources, guidance for suppliers and buyers and toolkit development
3. **Social Value practice confidence building: the group will focus on** supporting the sector in building confidence in the growing practice, and to support embedding of standards of practice
  1. for the bids submitted for contracting
  2. of the procurement function



- Influencing policy and legislation:** engage organisations and government to promote and embed social value principles based practice into procurement, commissioning and contracting.

The groups will initially focus on implementing the key programme action areas identified by the Steering Committee:

- 1) Methodology and approach to be defined. This is key for best practice and case studies, and should be led by SVUK in collaboration with the Working Groups
- 2) Case study bank / resource library. This is an imperative practical next step for the programme. There are some good examples of practice sharing that could be used as reference, e.g. NAO, WCC resource bank
- 3) Develop guidance to support practice implementation, along with other capacity building support such as training, and professional practice accreditation
- 4) Influence legislation and policy, but most importantly the guidance that surrounds policy and legislation, e.g. the Procurement Bill, National Procurement Strategy

Workstream structure:

- Workstreams will be cross sectoral.
- There will be a lead of each workstream who will also sit on the Steering Committee
- Each group will be open to volunteers
- Define a framework of work for the groups: method, case studies, sharing of practice
- Groups will be task and finish focused

