

Summary:

Sustainable Procurement, Social Value and the Third Sector in Scotland

Survey of Public Sector Commissioners and
Procurement Professionals

April 2014

Introduction

This study set out to provide an updated snapshot of the approach by public sector commissioners and procurement staff in Scotland to embedding social value in procurement and in deepening their engagement with the Third Sector. It has compared the situation in 2014 with that evident two years earlier.

Sustainable Procurement And Social Value

Traditionally public sector contracts have focused on paying for inputs and/or outputs (quantified delivery) and have often been criticised for not considering the longer term outcomes, or additional value in the way a service is provided, and who provides it. There is now a growing interest in purchasing more sustainably and securing this ‘social value’.

The research shows that the public sector buying community are now increasingly knowledgeable about issues relating to sustainable procurement, with 72% now claiming an ‘in-depth’ knowledge of, or being ‘reasonably well informed’ about, the topic.

There are also now more public sector officials identifying and valuing outcomes and doing so more regularly. The survey findings show that the proportion of public sector respondents that ‘always’ identify and value the outcomes relevant to wider corporate objectives (social value) has gone up in the last two years (from 27% to 31%) and the proportion who never do so has gone down (from 7% to 4%). However, this shift in culture and practice will take time.

Involving Third Sector Suppliers

The Third Sector, including social enterprises, has an important role to play in the design and delivery of public services (particularly in relation to preventative areas of spending).

There is a high degree of recognition of the important role that Third Sector organisations can play in delivering public contracts, and a strong commitment to enabling this. The findings indicate that the proportion of public sector purchasers that hold either an ‘in-depth knowledge’ or are ‘reasonably well informed’ about the Third Sector has increased from 44% to 68% over

the last two years. The research now suggests that 74% have at some point contracted directly with a Third Sector organisation.

The findings, however, suggest that more needs to be done to fully involve the Third Sector throughout the commissioning cycle and to address perceived supply-side constraints.

Using Community Benefit Clauses

Community Benefit in Procurement Clauses, commonly referred to as Community Benefit Clauses (CBCs), provide a method of including social and economic matters in contracts for the supply of goods, works or services that do not conventionally have these requirements as defined or measured outcomes.

There is a high level of awareness of, and growing level of engagement in, the use of Community Benefit Clauses (CBCs). In the latest survey, 99% of the public sector purchasers that responded indicated some level of understanding of CBCs (up from 93% in 2012). It is now encouraging to note that the use of CBCs has moved beyond standard works contracts (used in 63% of contracts)

and is commonly used in relation to service contracts (60%).

Public sector views on applying CBCs are generally very positive. The latest survey data shows that 85% of respondents considered CBCs to be either 'very' or 'fairly' helpful in building economic or social conditions into public contracts.

The survey findings suggest that the challenge now is to support the continued extension of these social clauses (e.g. the use of supply chain CBCs) and to ensure that workable systems are in place to support their implementation (e.g. consulting on the benefits that communities wish to see).

Public Social Partnerships

Public Social Partnerships (PSPs) are strategic partnering arrangements, based on a co- planning approach, through which the public sector can connect with Third Sector organisations to share responsibility for designing services based around user needs. Once designed and trialled, such services can then be commissioned for the longer term through a competitive tendering process.

There is a growing level of interest in, and understanding of, PSPs. The evidence suggests that more than three-quarters of public sector purchasers (79%) have now some level of awareness of PSPs, with 28% fully aware (up from 16% in 2012). Also the proportion of survey respondents indicating that their organisation encourages investigation of possible PSPs as part of its approach to the design or redesign of services has grown from 27% to 46% over two years.

In general terms, public sector officials have now been convinced of the value of PSPs. In total, 94% of respondents in the 2014 survey reported PSPs as either 'fairly' or 'very' helpful, with the proportion finding it 'very helpful' having risen from 15% to 69% between surveys.

Despite a generally very positive view of the concept, there is more that can be done to embed them fully in public sector corporate policy and to widen the associated base of expertise in their implementation.

Conclusion

Overall the findings have outlined some very positive recent shifts in the culture, policy and practice relating to sustainable procurement and the role of the Third Sector; in part due to the targeted work of the Developing Markets for Third Sector Providers programme.

About The Study

The study has been prepared by the Ready for Business team, a Third Sector-led consortium of organisations¹ delivering the **Developing Markets for Third Sector Providers** Programme. This Scottish Government programme is supporting the public sector to buy more sustainably and strengthen the role of the Third Sector in delivering public services. The evidence contained in this report is drawn from an online survey of public sector staff with an active interest or role in the area of commissioning or procurement. The survey was conducted between January and March 2014. In total, 214 public sector staff responded to the survey (an 18% increase on the response to the equivalent 2012 survey).

¹The Ready for Business Consortium includes Ready for Business LLP, KPMG, Social Value Lab, and MacRoberts LLP