



RADICAL TRANSPARENCY – THE ROLE OF BENCHMARKING AND LEAGUE TABLES TO DRIVE GOOD PRACTICE

CINDY NADESAN PROCUREMENT BUSINESS PARTNER:
SOCIAL VALUE, ORBIS; SURREY COUNTY COUNCIL

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#NSVC20



THE SOCIAL VALUE PORTAL
Where Community Speaks and Business Listens

Benchmarking

Presentation to National
Social Value Conference
2020

Nathan Goode, Social
Value Portal

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*“We are model-rich and data poor.
We need to monitor in detail and
map in detail what’s really going on”*

Stewart Brand, Whole Earth Discipline



The Benchmarking Project

How well are we doing on social value?

We analysed by region, contract size and indices of multiple deprivation:

- An **SVP** sample of around 300 projects
- 7 **Scape** frameworks since 2013 (around 800 projects):

| Summary SV Analysis | |
|----------------------------|------------------|
| Aggregated contract value | £ 12,487,960,898 |
| Aggregated project numbers | 1,140 |
| Aggregated local value | £ 3,373,179,512 |
| LV % | 27.01% |
| Aggregated social value | £ 96,077,151 |
| SV % | 0.77% |
| Overall social value % | 27.78% |

c.1,100 projects reviewed with an aggregate contract value of £12bn, mostly in the construction and real estate sectors

Opportunities and Challenges



DATA QUALITY

- Where is the evidence base?



COMPARABILITY AND CONSISTENCY

- What do we mean by local?



EVIDENCE-LED DECISION MAKING

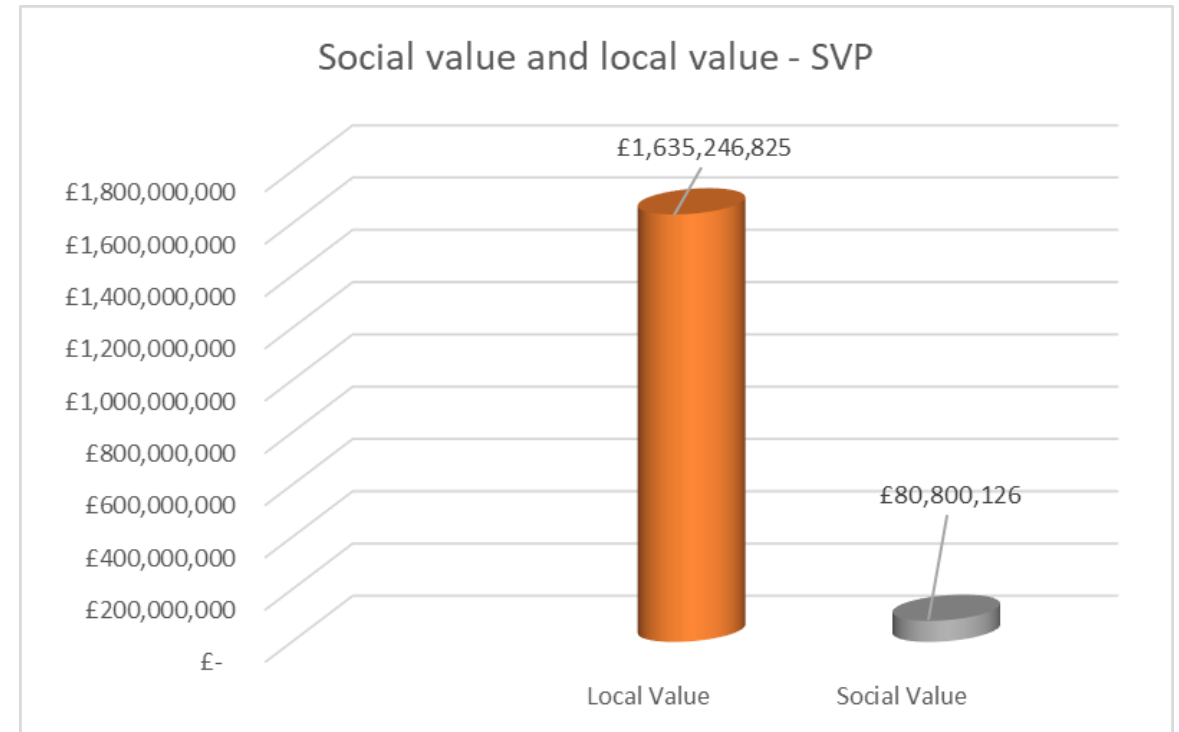
- How do we learn from our experience?

OPPORTUNITY: to deliver continuous improvement in social value delivery

How much value was non-local?

We need to separate “**local**” from “**social**” (i.e. not jobs and local supply chain spend)

*Almost all of the 28%
reported value added
was local*

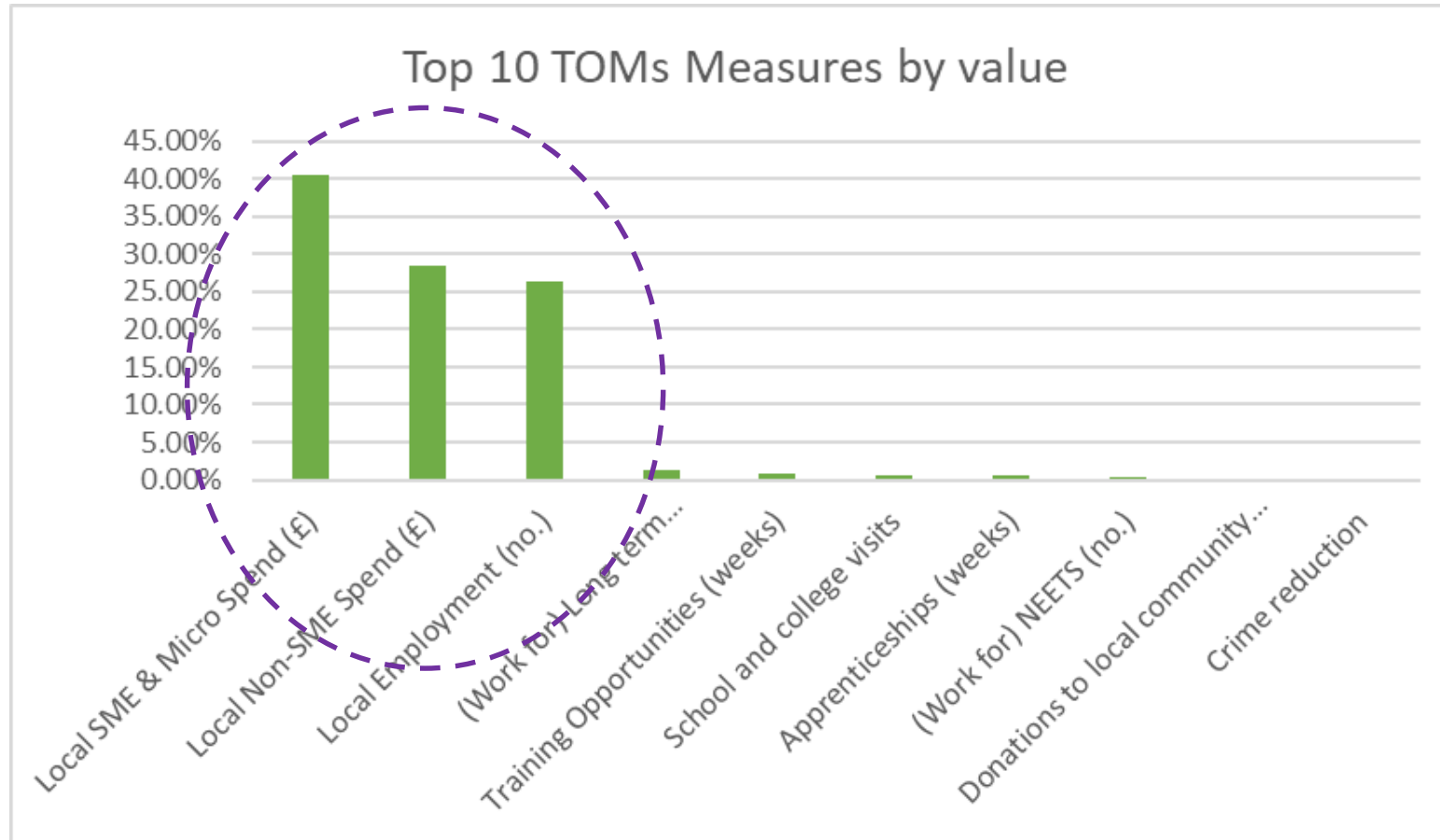


Overall Scape Social (non-local) Value

| | |
|------------------|--------------|
| Aggregate £ | £ 15,277,025 |
| % contract value | 0.381% |

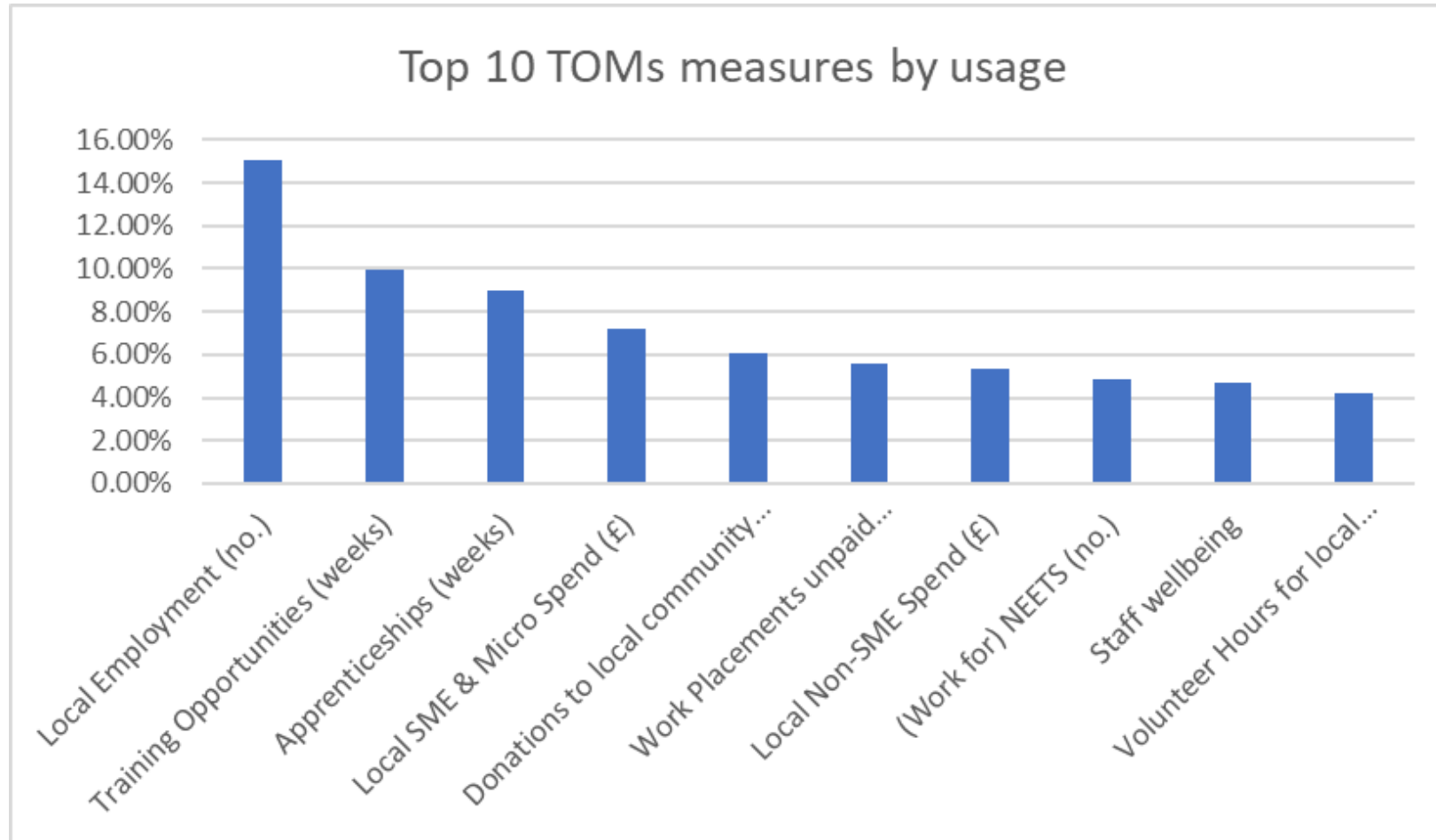
What were the most commonly used NT measures?

By *£ value*, local measures dominate .



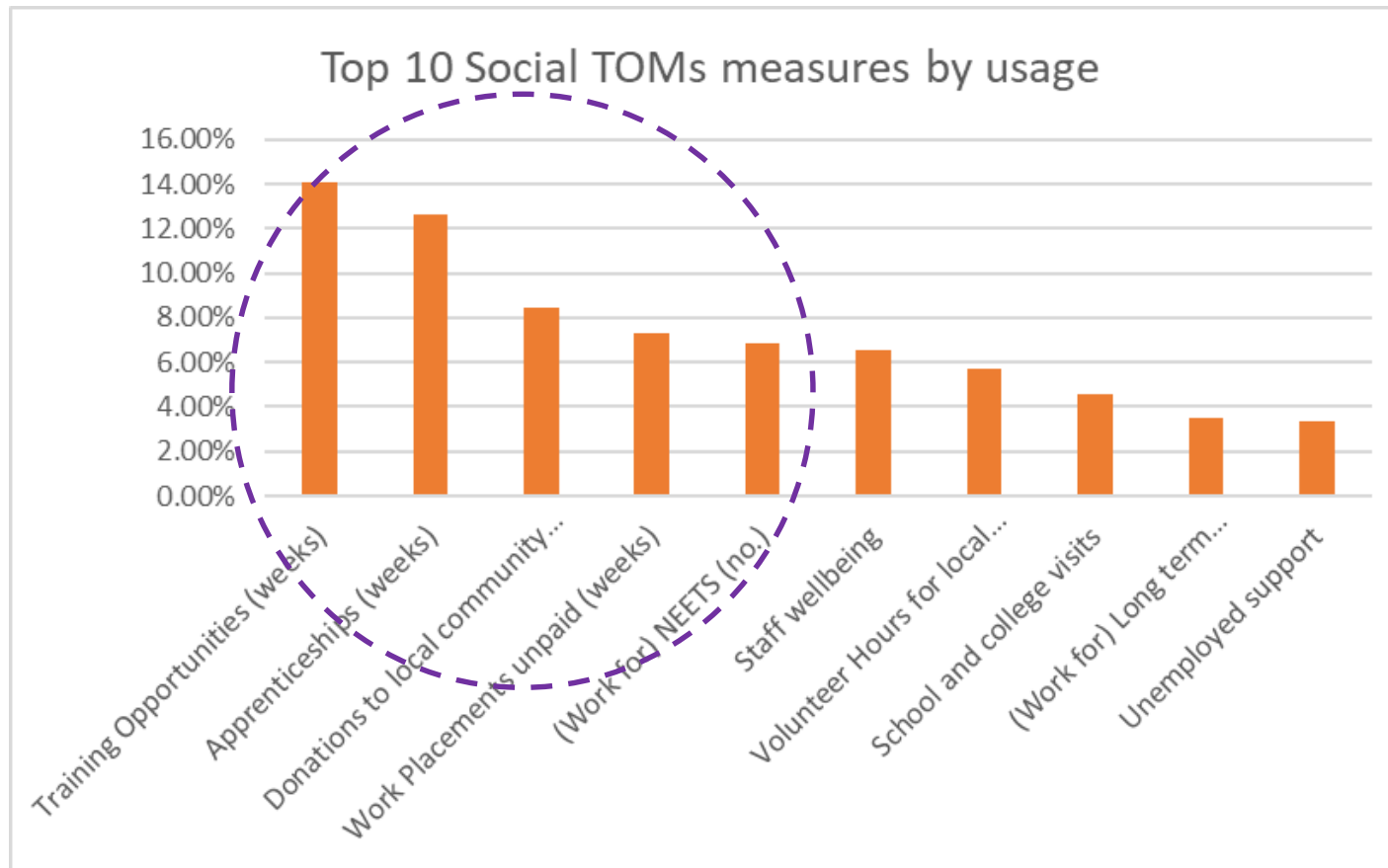
What were the most commonly used measures (2)?

By *number*, local measures share the top spots with training and apprenticeships – but there is more of a spread.



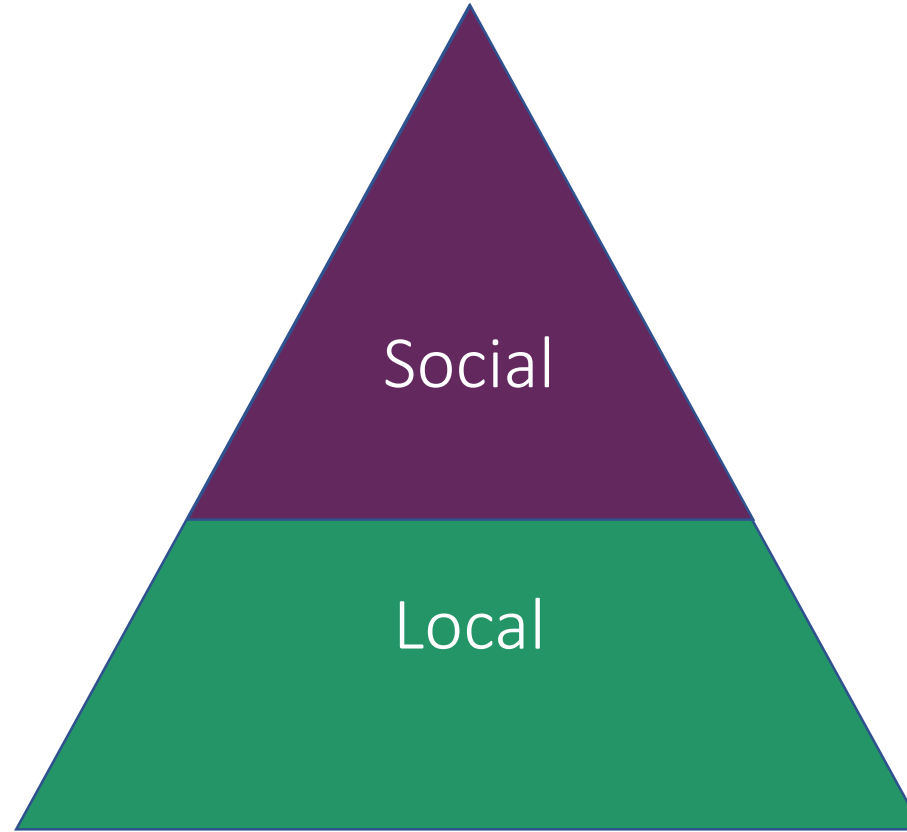
What were the most commonly used measures (3)?

Suppliers' community benefits programmes are focused on employment and training



But: local jobs and spend are the economic bedrock of communities

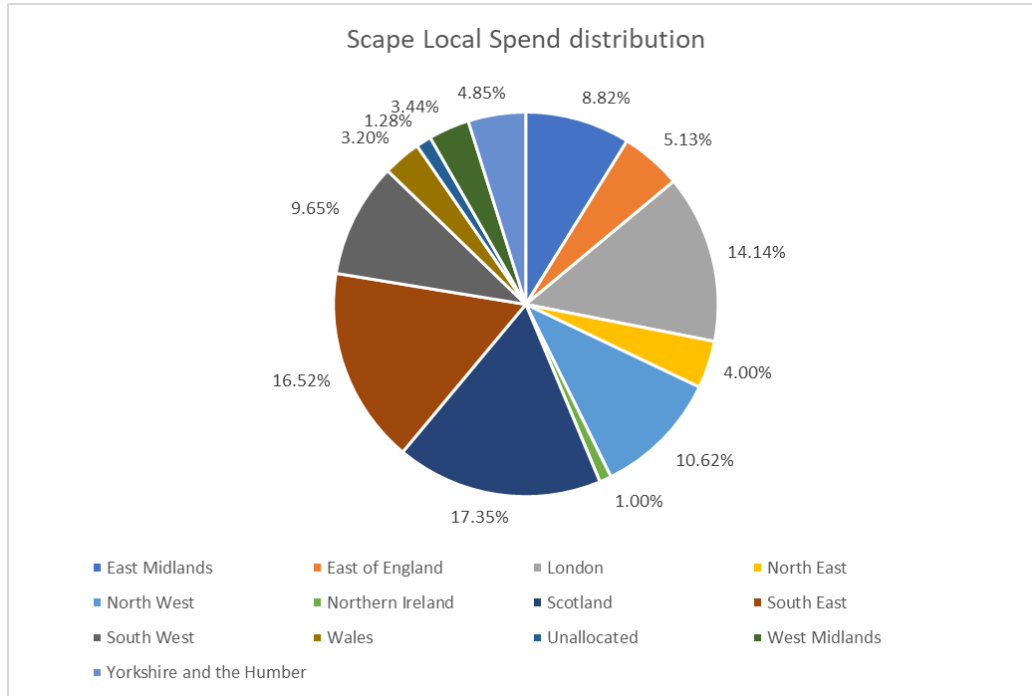
*We need to do more
on “social” but...*



*...we also need to
know more about the
impact of local spend*

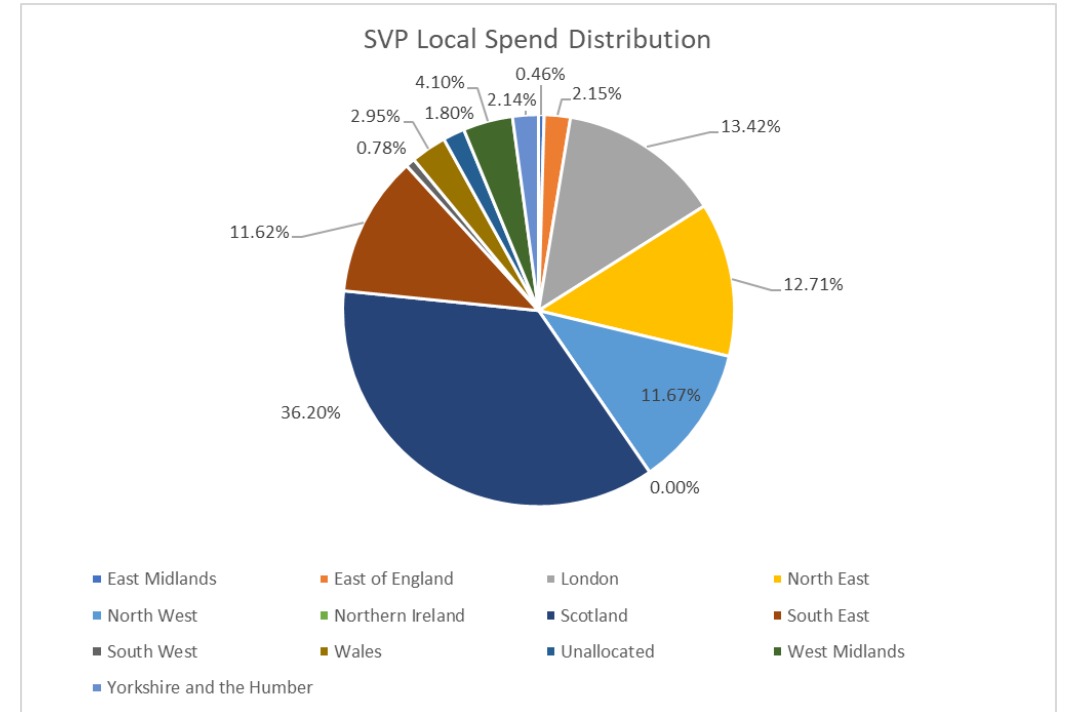


Where is the money being spent?



Scape Top 3 regions:

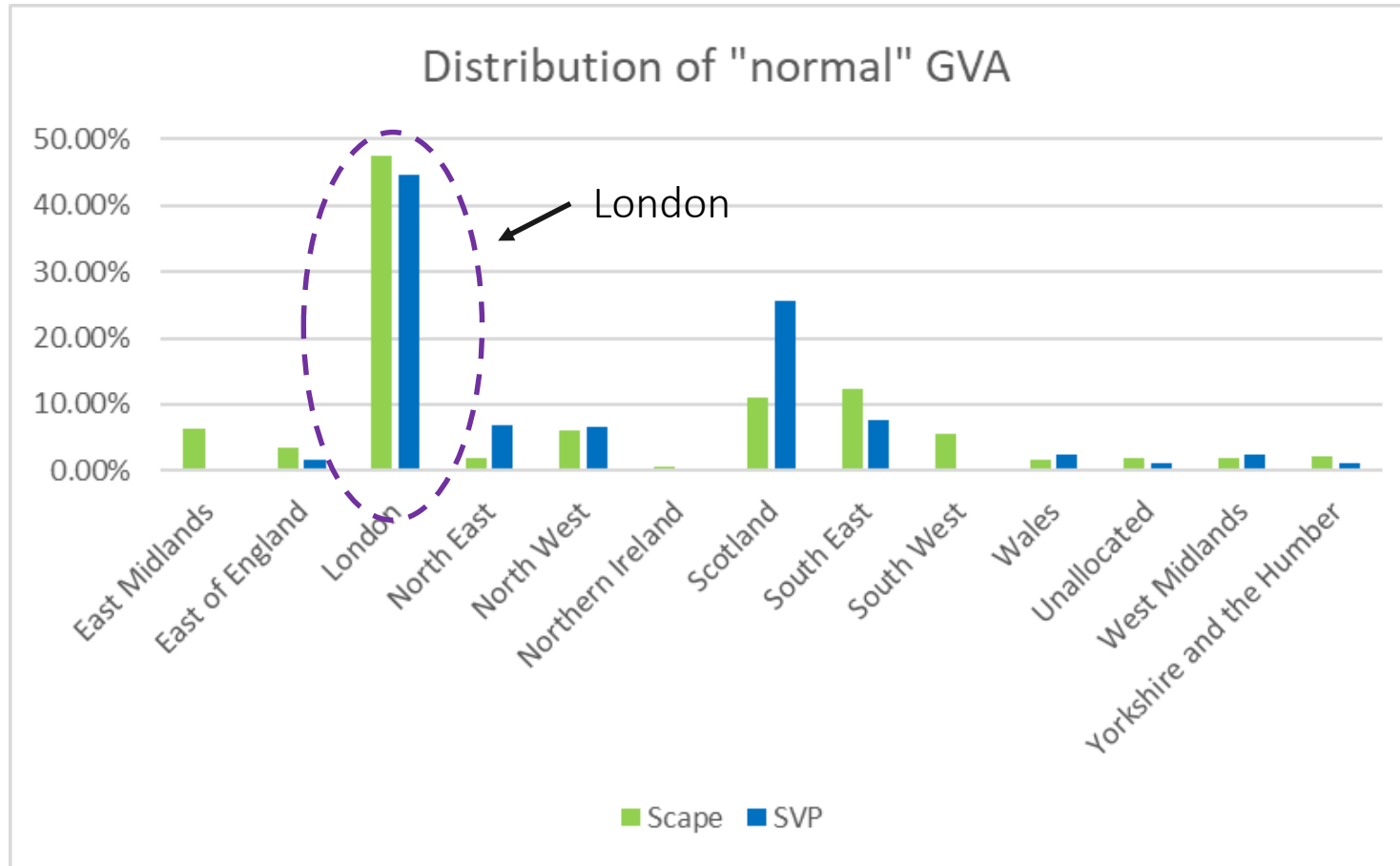
1. Scotland (17.35%)
2. South East (16.52%)
3. London (14.14%)



SVP Top 3 regions:

1. Scotland (36.2%)
2. London (13.42%)
3. North East (12.71%)

There is also an issue in how we report the *value* of local spend....



NT18 / NT19 use regionalised GVA (*Gross Value Added*) as a proxy.

This is based on historic economic performance, so more spend in high performing areas will equal (apparently) higher impact.

This may be in keeping with the “multiplier” effect, but the need for local spend may be greater where GVA is *lower*.

A possible new tool: “inverse” GVA?

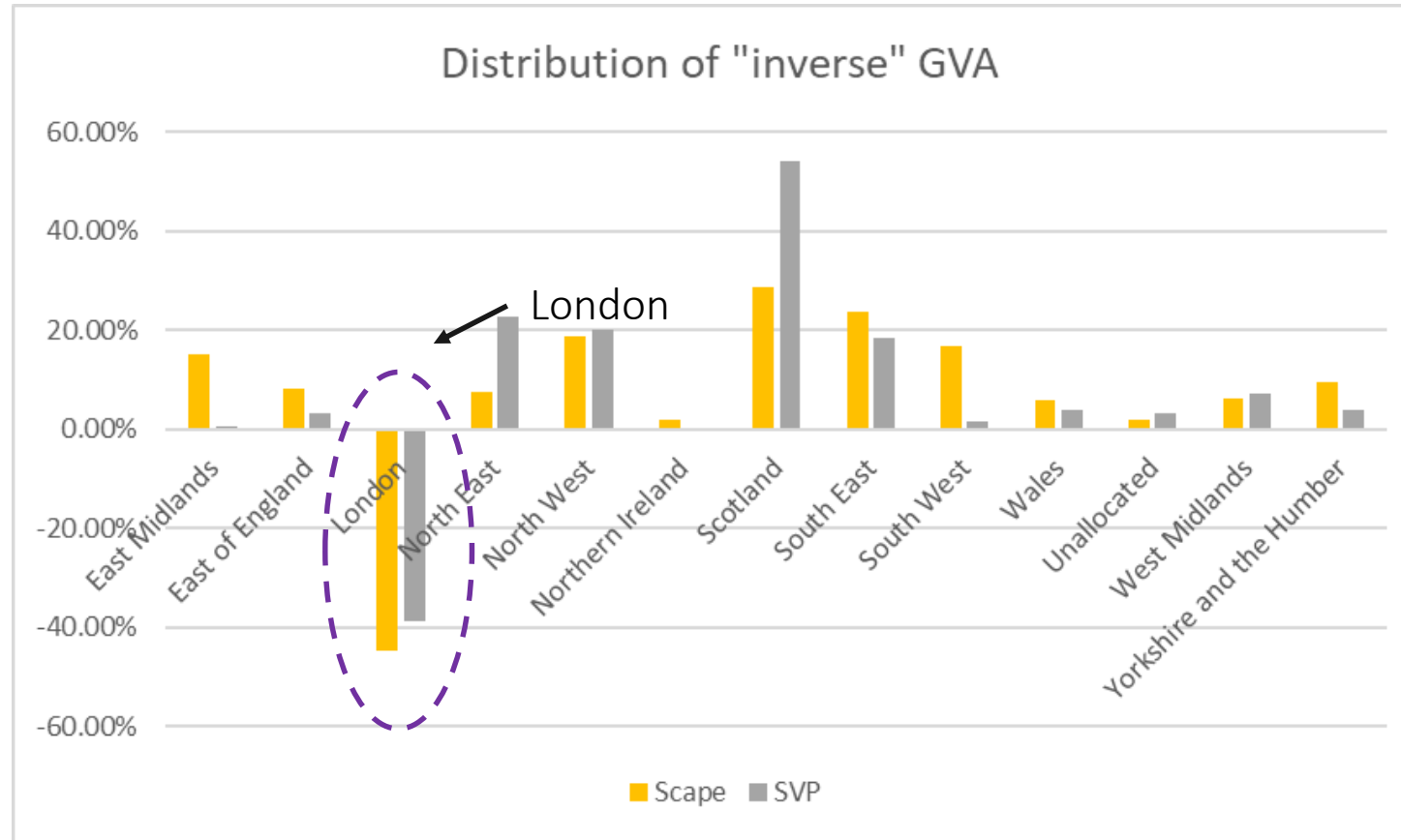
In social value measurement, we are looking at the value of the **additional spend** from a contract or a project. “Inverse” GVA adjusts the value of the additional spend according to the area’s GVA *relative to the UK average*.

So where this is *lower* than the UK average, the formula is adjusted *upwards*. Where it is *higher* than the UK average, the formula is adjusted down – in effect rewarding spend in areas with lower GVA multipliers.

This results in a different pattern of “value” across the UK.



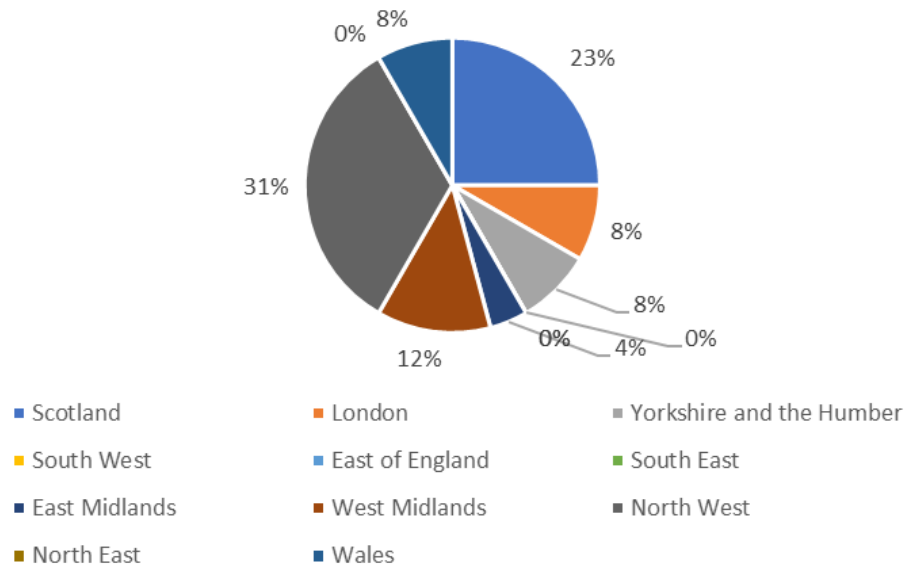
What is the *value* of local spend?



For areas with very high GVA multipliers (e.g. in London), the reported effect can turn negative. More importantly, greater weight is given to regional areas - e.g. the North West's share goes up from around 6% to around 20%.

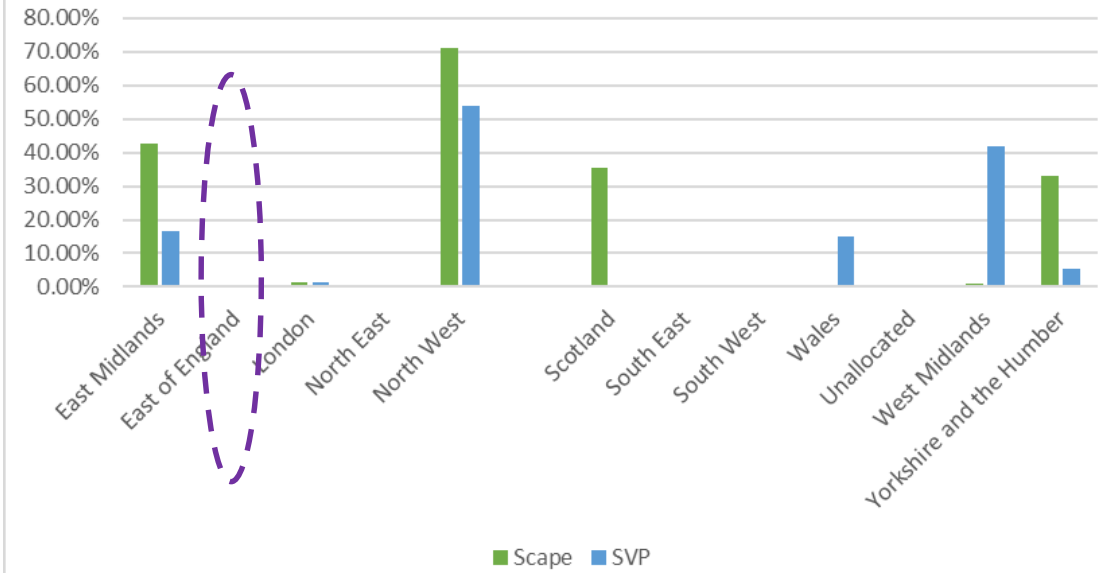
How much spend is in areas of high deprivation?

Distribution of areas of high deprivation



Shows the distribution of local authorities in the highest 20% by number of high deprivation zones
(NB – oversimplifies!)

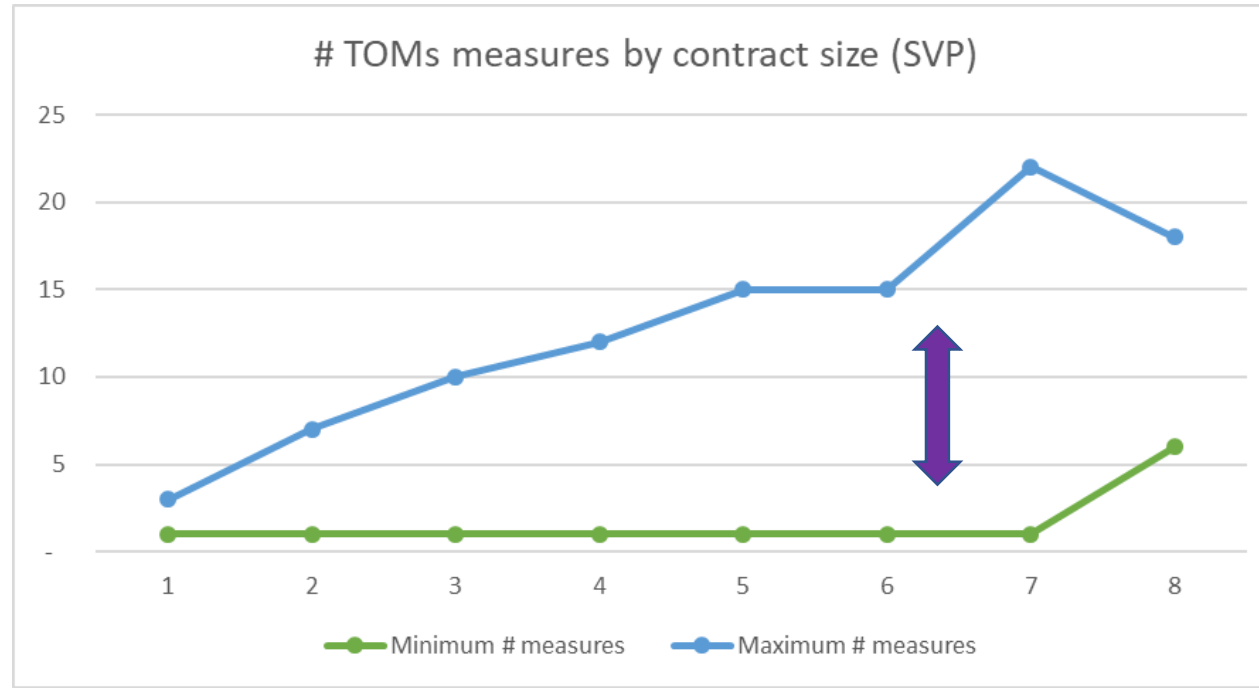
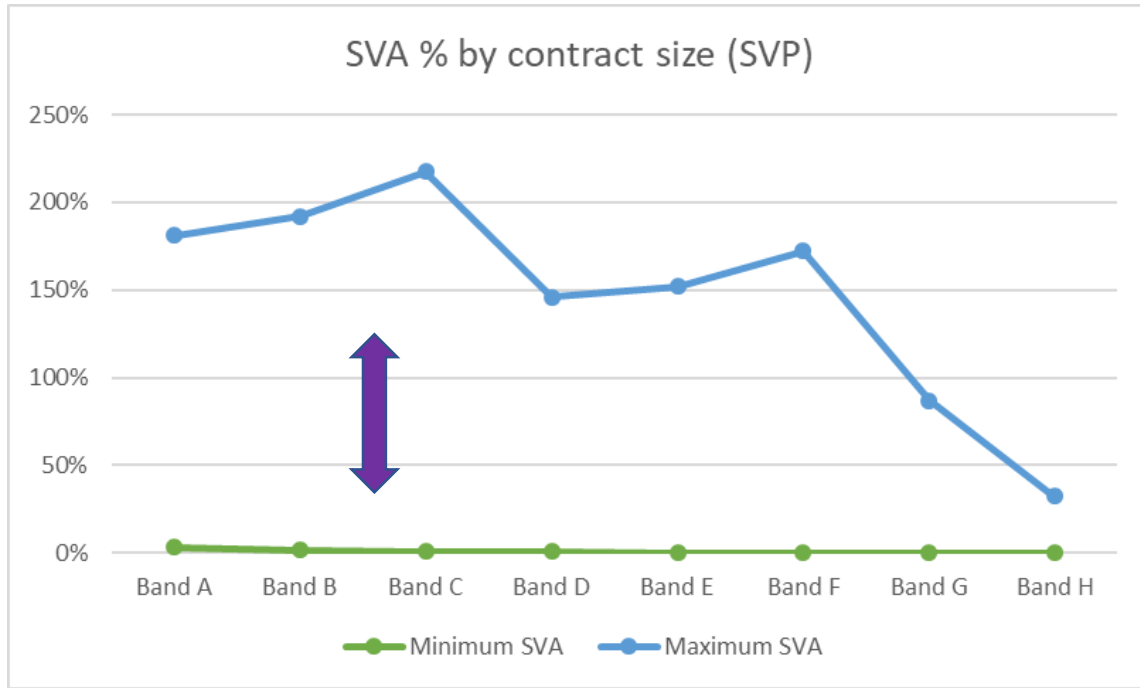
Distribution of spend by HD areas



Shows how much Scape / SVP local spend happens in areas with the highest proportion of high deprivation zones

% of spend finding its way to high deprivation areas looks variable across the UK

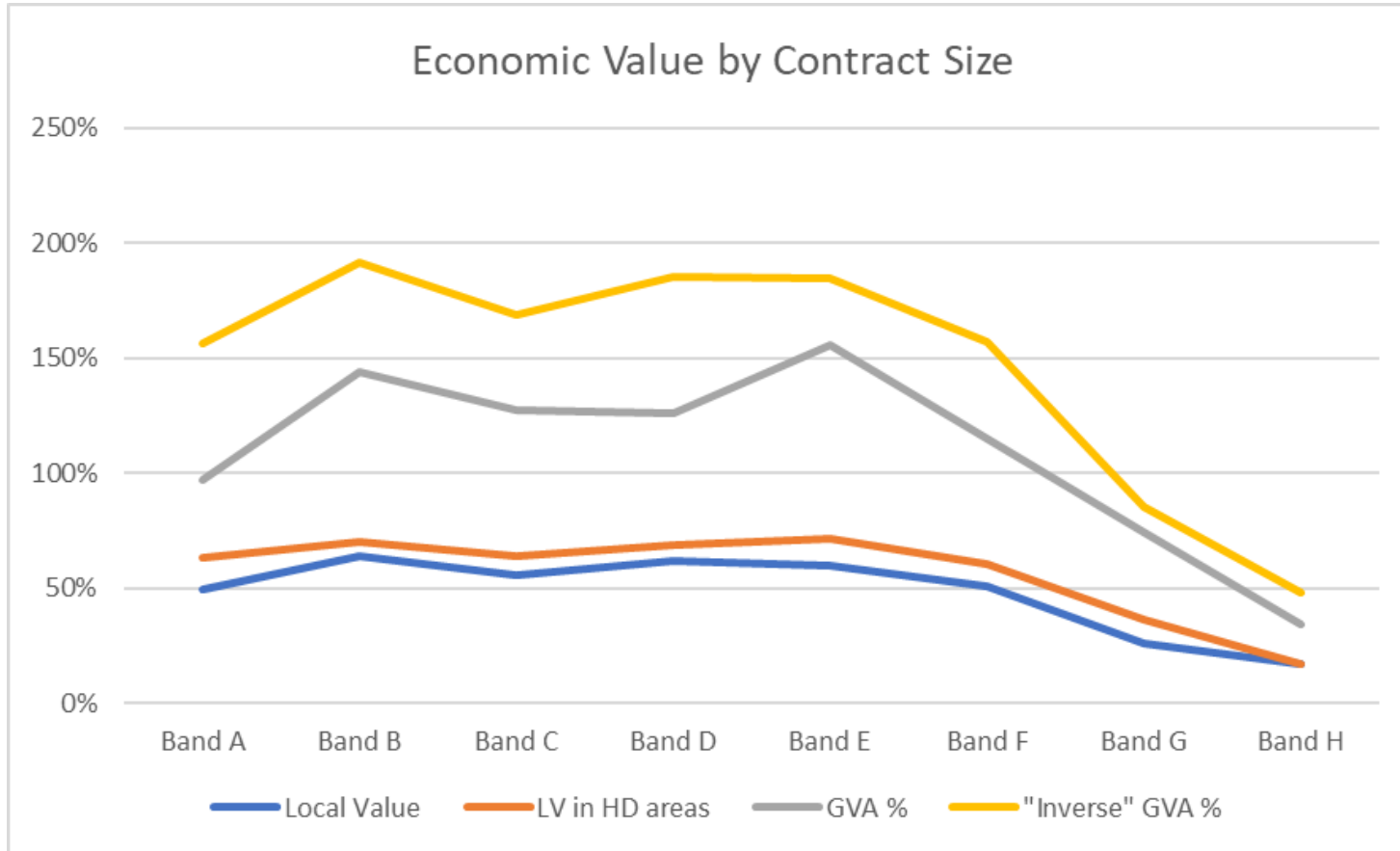
Do bigger contracts / contractors mean more social value?



% SVA goes down but distribution of measures goes up

Note: in no circumstances does the number of measures used exceed 22. For most bands it is less than 15

Do bigger contracts / contractors mean more social value (2)?



NO:

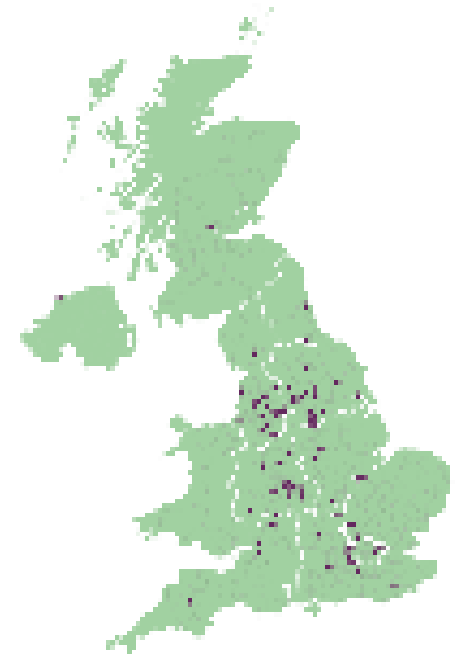
As contracts get bigger the % of economic added value goes **down**, which may provide evidence to support promotion of SMEs and smaller contract sizes.

Contract spend separated into 8 bands – A to H (where H = upper band - £100m+)

Conclusions



- **It's early days:** strong start on local spend, but other social value relatively limited
- **Not all about the big contracts:** contract size doesn't determine (proportionately) added value
- Should we flip our economic tools around?
- We need to get more sophisticated in how we measure **local value**
- **Broader usage of TOMs** measures is needed to add to the local value "base"
- That said, the evidence base is still pretty thin



We are not ready for league tables but we do need to pool knowledge and use data to drive progress



For further information



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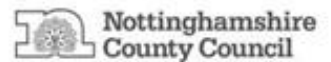




Scape Group

A public sector organisation, dedicated to creating **efficiency** and **social value** via the built environment

Our shareholders



Our frameworks



Evaluation

■ **Price: 30%**

■ **Quality: 70%**

- Quality questions: 40%
- Social Value: 20%
- Interviews: 10%

Key Performance Indicators (KPIs)

- Time and Cost
- Local Labour
- Local Spend
- SME Engagement
- SME Spend
- Micro Business Engagement
- Micro Business Spend
- Social Enterprise Engagement
- Health and Safety
- Defects
- Waste Diversion
- Fair Payment
- Client Satisfaction
- Supply Chain Satisfaction
- Considerate Constructor Scheme
- Commitments
- National TOMs

Employment Skills Plan



25,044 students engaged through educational visits and live broadcasts



Community Engagement

187
WEEKS

Of work placements completed



WE HAVE CREATED

413

NEW JOBS



50

local students attended site visits on International Women in Engineering day



6.75

7

School leaver recruitment



1,257 weeks worked by graduates, apprentices and trainees

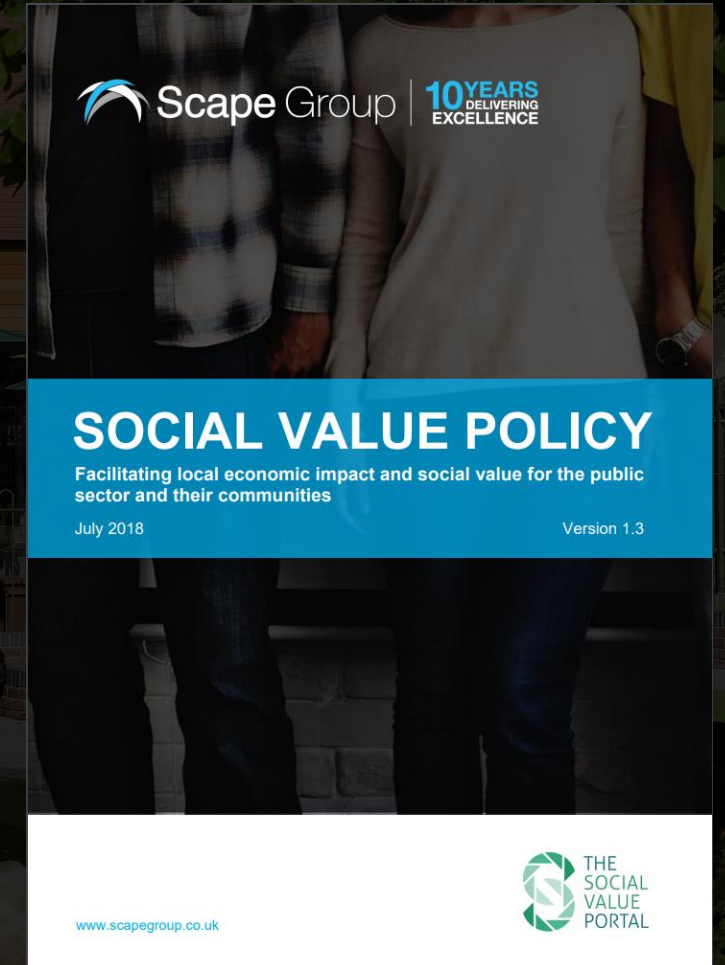


22,049
SCHOOL PUPIL ENGAGEMENTS

Working with Social Value Portal



| Themes | Outcomes |
|---|---|
| Jobs: Promote Local Skills and Employment | More local people in employment |
| | More opportunities for disadvantaged people |
| | Improved skills for local people |
| | Improved employability of young people |
| Growth: Supporting Growth of Responsible Regional Business | More opportunities for local SMEs and VCSEs |
| | Improving staff wellbeing |
| | Ethical Procurement is promoted |
| | A workforce and culture that reflect the diversity of the local community |
| Social: Healthier, Safer and more Resilient Communities | Social Value embedded in the supply chain |
| | Crime is reduced |
| | Creating a healthier community |
| | Vulnerable people are helped to live independently |
| Environment: Protecting and Improving Our Environment | More working with the Community |
| | Climate Impacts are reduced |
| | Air pollution is reduced |
| | Better places to live |
| Innovation: Promoting Social Innovation | Sustainable Procurement is promoted |
| | Other measures (TBD) |



Benchmarking – key findings

Finding 1 – consistent data is vital for effective benchmarking

- Number of apprentices vs. apprentice weeks
- Qualifications achieved vs. training weeks
- Number of site visits vs. number of students

Benchmarking – key findings

Finding 2 – our frameworks perform very well against the benchmark for local economic value measures

Scape Procure

54.62%

Overall

18.61%

Benchmarking – key findings

Finding 3 – on pure social value measures there is work to do – for Scape and the industry!

Scape Procure

0.38%

Overall

0.95%



Measuring Social Value in Local Government Procurement

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January 2020

Tussell has fast become the media's trusted source of insight on government contracting ^{tussell}



See the whole picture in UK public procurement - an under-the-radar market worth £214bn in 2018



Tenders
since 2012
£926bn



Contract Awards since
2012
£727bn



Spend Receipts
since 2016
£1.6 trillion



Buyers
7,140

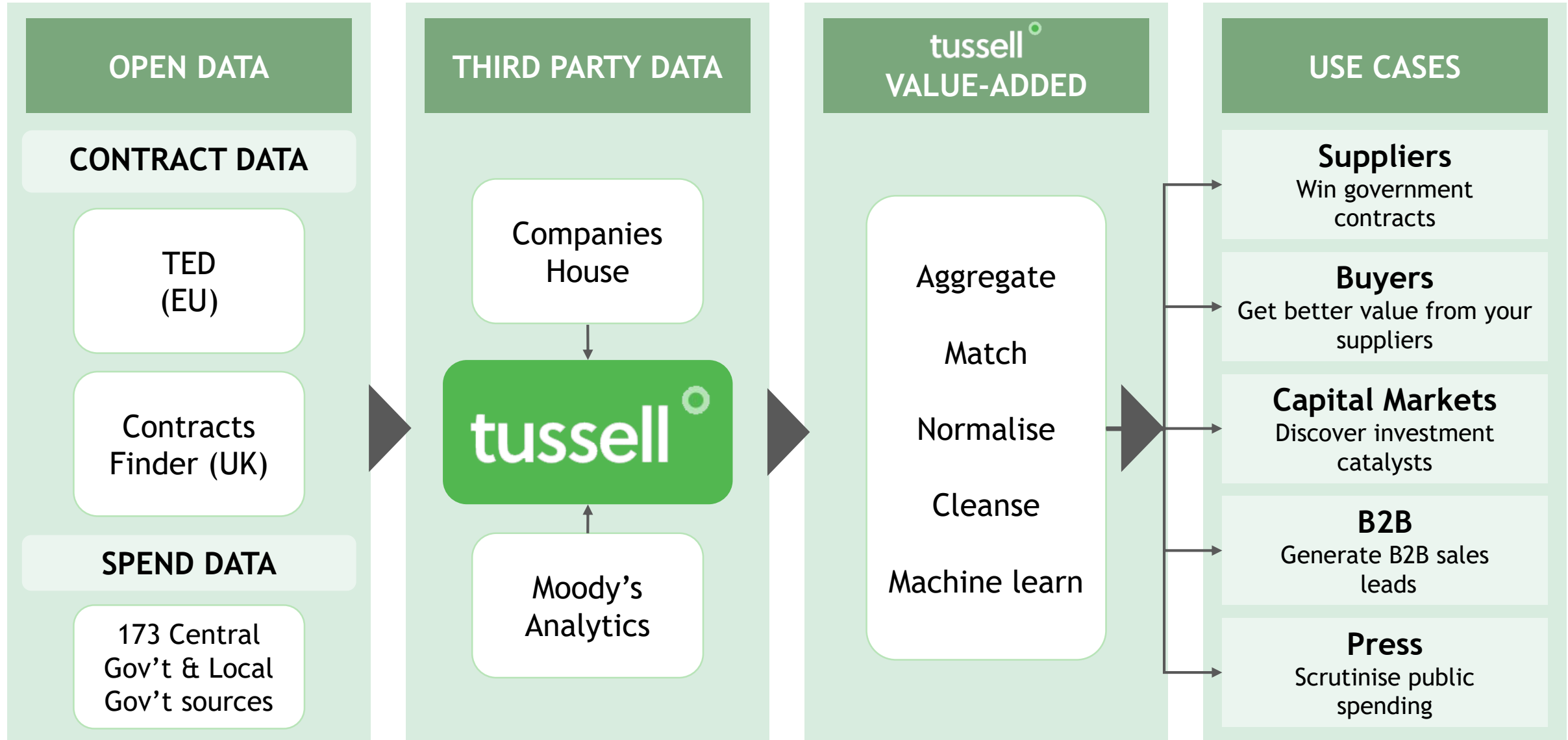


Suppliers
93,411



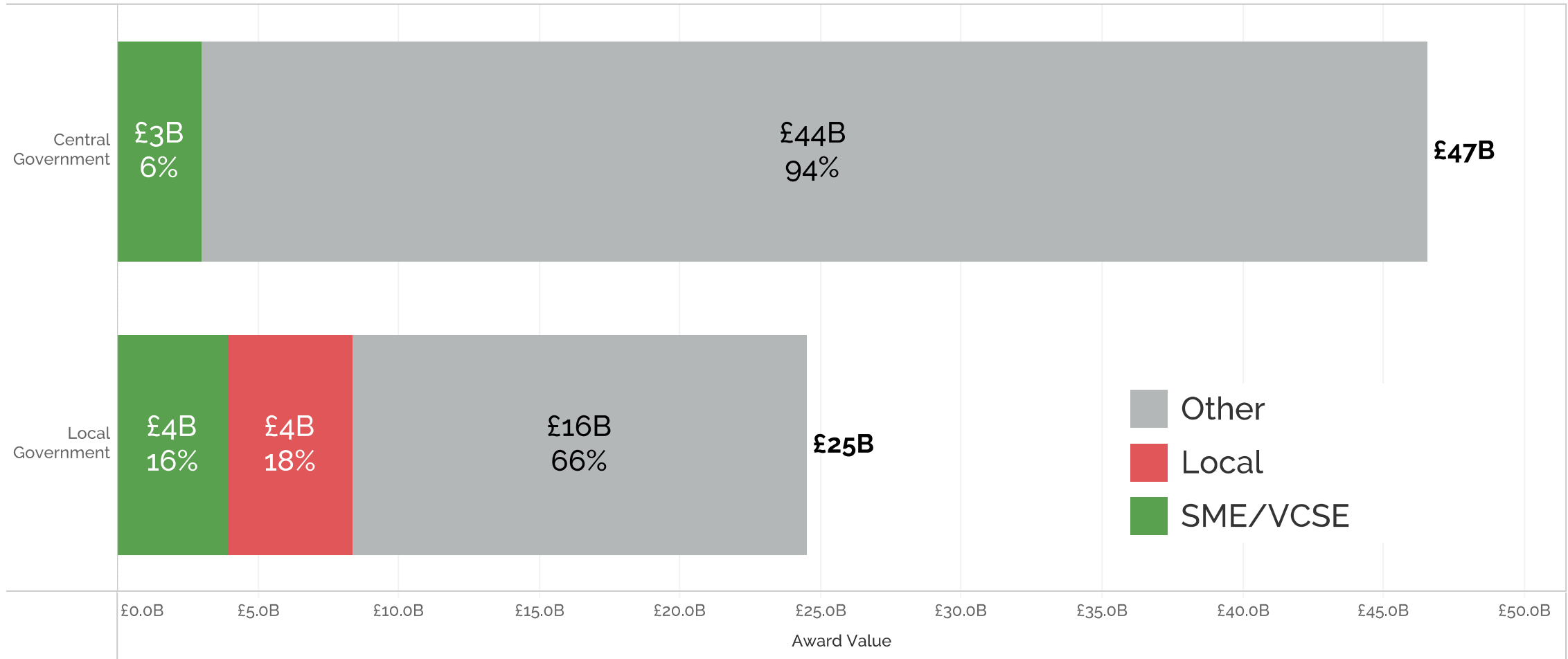
% OECD GDP
12%

We transform open data into useful data



Local Government is far better at awarding contracts to SMEs and VCSEs than Central

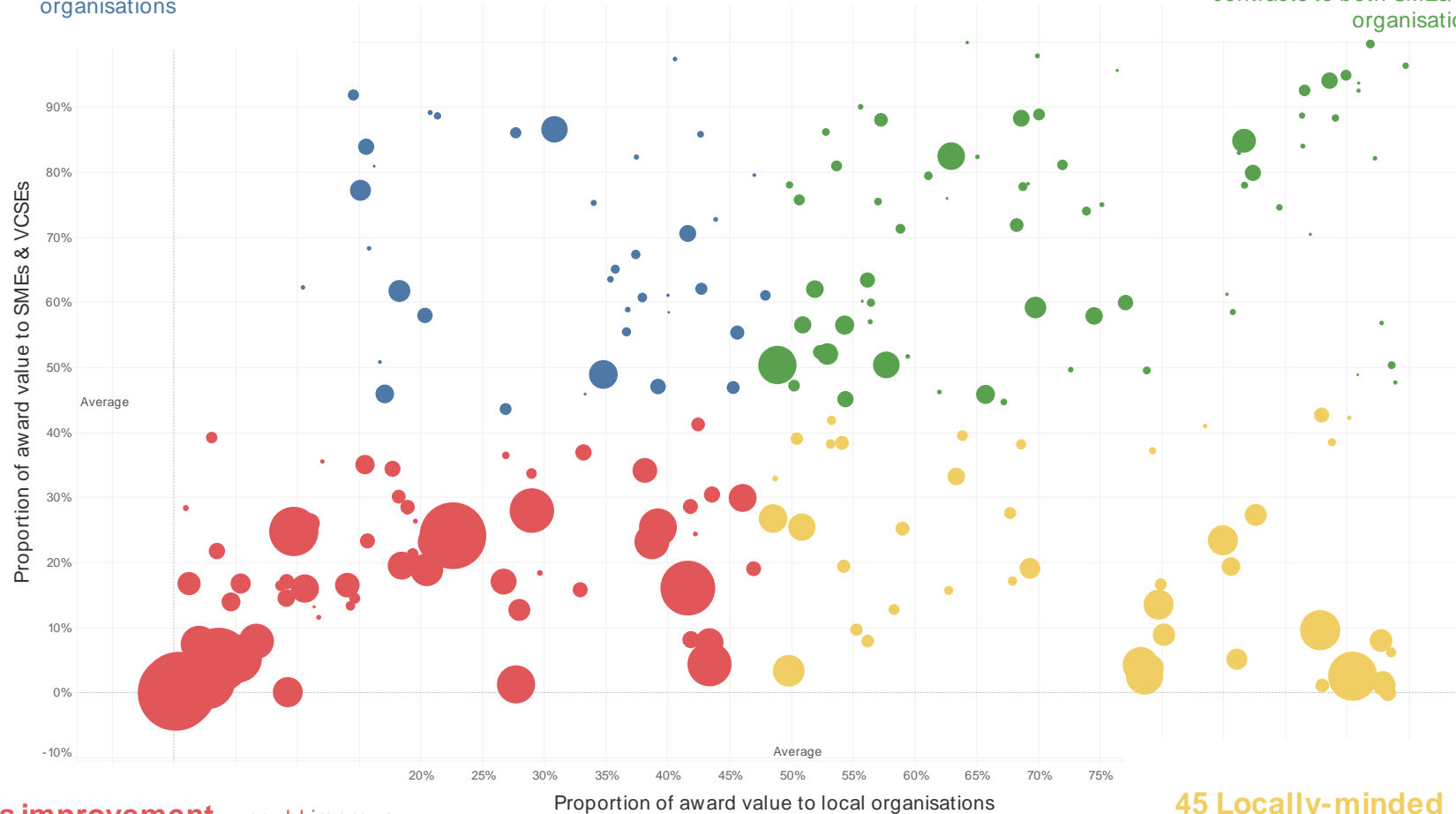
Proportion of award value awarded to social value and local organisations by Central and Local government in FY 2018/19



However within Local Government there is a wide disparity of performance

39 Socially-oriented - award valuable contracts to SMEs/ VCSEs, but less to local organisations

70 High Performers - award valuable contracts to both SMEs/ VCSEs and local organisations

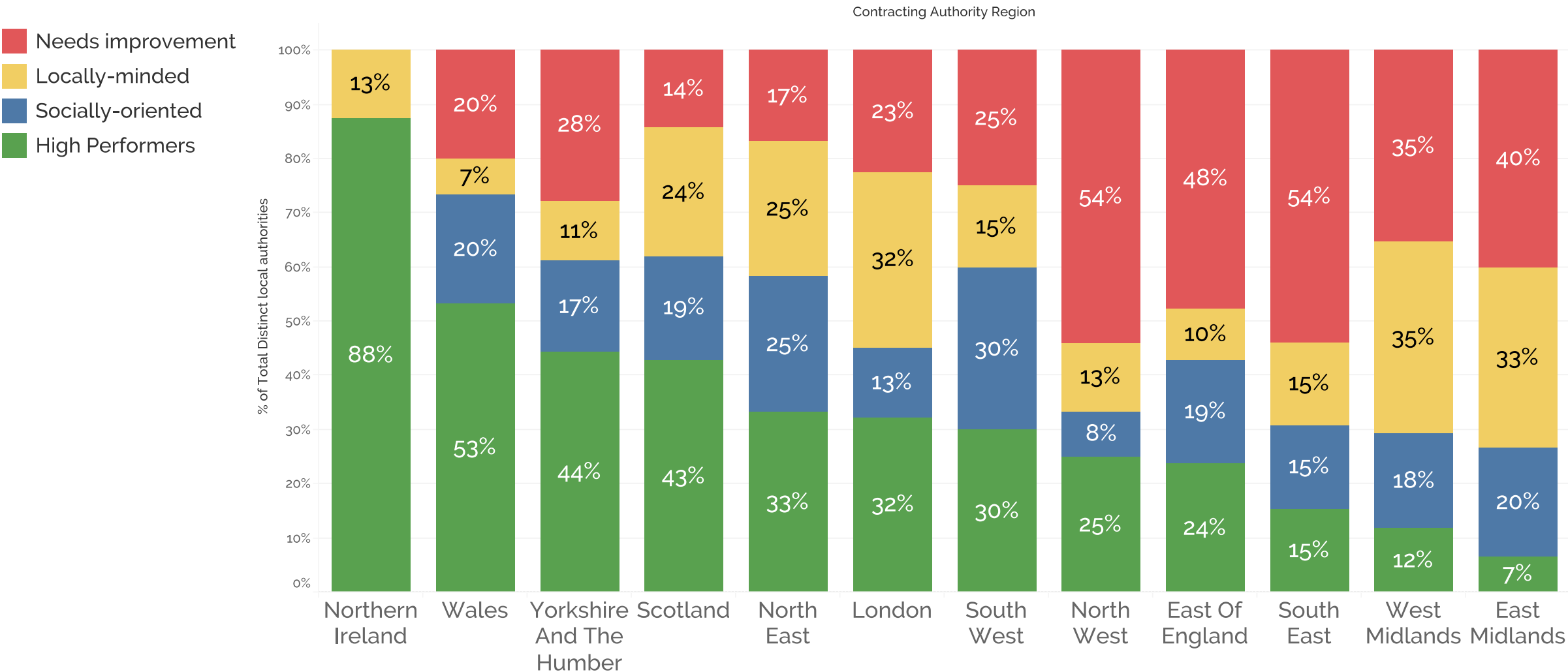


74 Needs improvement - could improve on awarding valuable contracts to both SMEs/ VCSEs and local organisations

45 Locally-minded - award valuable contracts to local organisations, but less to SMEs/ VCSEs

Authorities in Northern Ireland, Wales and Yorkshire the best performers - learn from them

Number of authorities in each performance category by region



Practical steps to drive social value

Local Govt

- Adopt inclusive procurement policies
- Learn from best practice
- Use available tools to broaden your market engagement

SMEs / VCSEs

- Use available tools to level the playing field with large-cap contractors

Large-cap Suppliers

- Partner with SMEs/VCSEs to enhance your chances of success



PANEL DISCUSSION:

RADICAL TRANSPARENCY – THE ROLE OF BENCHMARKING AND LEAGUE TABLES TO DRIVE GOOD PRACTICE

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