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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Visit slido. #TimetoAct Impressive 1
#NSVC20
“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):

<table>
<thead>
<tr>
<th>Summary SV Analysis</th>
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</thead>
<tbody>
<tr>
<td>Aggregated contract value</td>
</tr>
<tr>
<td>Aggregated project numbers</td>
</tr>
<tr>
<td>Aggregated local value</td>
</tr>
<tr>
<td>LV %</td>
</tr>
<tr>
<td>Aggregated social value</td>
</tr>
<tr>
<td>SV %</td>
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<tr>
<td>Overall social value %</td>
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</table>

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

<table>
<thead>
<tr>
<th>Overall Scape Social (non-local) Value</th>
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<tbody>
<tr>
<td>Aggregate £</td>
</tr>
<tr>
<td>% contract value</td>
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</table>
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?

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

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

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

Nathan.Goode@socialvalueportal.com
A public sector organisation, dedicated to creating **efficiency** and **social value** via the built environment.
Our frameworks

Scape Procure
Built Environment Consultancy Services

Scape Procure
Civil Engineering

Scape Procure
National Construction

Scape Procure
Minor Works

Scape Procure
Regional Construction
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
- 1,257 weeks worked by graduates, apprentices and trainees
- 6.75 7
- 1109.5
- 641.25
- 187 weeks of work placements completed
- We have created 413 new jobs
- 22,049 school pupil engagements
- 50 local students attended site visits on International Women in Engineering day
<table>
<thead>
<tr>
<th>Themes</th>
<th>Outcomes</th>
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</thead>
<tbody>
<tr>
<td>Jobs: Promote Local Skills and Employment</td>
<td>More local people in employment</td>
</tr>
<tr>
<td></td>
<td>More opportunities for disadvantaged people</td>
</tr>
<tr>
<td></td>
<td>Improved skills for local people</td>
</tr>
<tr>
<td></td>
<td>Improved employability of young people</td>
</tr>
<tr>
<td>Growth: Supporting Growth of Responsible Regional Business</td>
<td>More opportunities for local SMEs and VCSEs</td>
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<td></td>
<td>Improving staff wellbeing</td>
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<tr>
<td></td>
<td>Ethical Procurement is promoted</td>
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<td></td>
<td>A workforce and culture that reflect the diversity of the local community</td>
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<tr>
<td></td>
<td>Social Value embedded in the supply chain</td>
</tr>
<tr>
<td>Social: Healthier, Safer and more Resilient Communities</td>
<td>Crime is reduced</td>
</tr>
<tr>
<td></td>
<td>Creating a healthier community</td>
</tr>
<tr>
<td></td>
<td>Vulnerable people are helped to live independently</td>
</tr>
<tr>
<td></td>
<td>More working with the Community</td>
</tr>
<tr>
<td>Environment: Protecting and Improving Our Environment</td>
<td>Climate Impacts are reduced</td>
</tr>
<tr>
<td></td>
<td>Air pollution is reduced</td>
</tr>
<tr>
<td></td>
<td>Better places to live</td>
</tr>
<tr>
<td></td>
<td>Sustainable Procurement is promoted</td>
</tr>
<tr>
<td>Innovation: Promoting Social Innovation</td>
<td>Other measures (TBD)</td>
</tr>
</tbody>
</table>

**Working with Social Value Portal**

**Social Value Policy**

Facilitating local economic impact and social value for the public sector and their communities

July 2018

Version 1.3
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
Finding 2 – our frameworks perform very well against the benchmark for local economic value measures.

<table>
<thead>
<tr>
<th>Scape Procure</th>
<th>Overall</th>
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<tbody>
<tr>
<td>54.62%</td>
<td>18.61%</td>
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</tbody>
</table>
Benchmarking – key findings

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

<table>
<thead>
<tr>
<th>Scape Procure</th>
<th>Overall</th>
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</thead>
<tbody>
<tr>
<td>0.38%</td>
<td>0.95%</td>
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</table>
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

Media

- The Economist
- FT
- The Times
- The Guardian
- The Telegraph
- BBC
- Bloomberg
- New Statesman
- Evening Standard
- Reuters

Topics

- Seaborne Freight
- Carillion
- Grenfell
- Cyber security
- Brexit
- Big 4
- Digital innovation
- Prompt payment

PR Citations

350+

Press citations since Jan 2019

“Serious-minded business data provider Tussell”

Matthew Vincent
FT, 22nd September 2018
See the whole picture in UK public procurement - an under-the-radar market worth £214bn in 2018

<table>
<thead>
<tr>
<th>Tenders since 2012</th>
<th>Contract Awards since 2012</th>
<th>Spend Receipts since 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>£926bn</td>
<td>£727bn</td>
<td>£1.6 trillion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Buyers</th>
<th>Suppliers</th>
<th>% OECD GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>7,140</td>
<td>93,411</td>
<td>12%</td>
</tr>
</tbody>
</table>
We transform open data into useful data

**Open Data**
- Contract Data
  - TED (EU)
- Spend Data
  - 173 Central Gov’t & Local Gov’t sources

**Third Party Data**
- Companies House

**tussell° Value-Added**
- Aggregate
- Match
- Normalise
- Cleanse
- Machine learn

**Use Cases**
- Suppliers
  - Win government contracts
- Buyers
  - Get better value from your suppliers
- Capital Markets
  - Discover investment catalysts
- B2B
  - Generate B2B sales leads
- Press
  - Scrutinise public spending
Local Government is far better at awarding contracts to SMEs and VCSEs than Central
However within Local Government there is a wide disparity of performance.
Authorities in Northern Ireland, Wales and Yorkshire the best performers - learn from them
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:
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