

Research Report:

Embedding Social Value through Sustainable Procurement

Survey of Public Sector Commissioners and Procurement Professionals

May 2012

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Section 1

Introduction

This report examines the views of public sector commissioners and procurement professionals in Scotland as they attempt to buy more sustainably, maximise the Social Value they obtain through purchasing, and deepen their engagement with the Third Sector.

1.1 Context

The actions of the public sector have a huge impact on society, the economy and the environment. In no area is this more evident than how public funds are spent.

It is important that public money is used in a way that achieves as much public benefit as possible. This means money shouldn't simply be focused on paying for a service activity, but should attempt where possible to achieve a sustainable and wider impact.

In this respect, Scottish Government Ministers have announced their intention to introduce a Sustainable Procurement Bill during the life of the current Parliament. This will introduce a legislative framework that will promote the procurement of environmentally sustainable and socially responsible goods, services and works and help to ensure that the economic impact of public sector purchasing in Scotland is maximised.

'Social Value' is a short-hand term used to describe the wider social and economic benefits that can be secured through public sector purchasing. Such benefits can be achieved at no

Public Sector Purchasing in Scotland

Taken together the public sector in Scotland spent £9.1bn on goods, works, and services during 2010/11. Just over half of this procurement spending was through Scottish Local Authorities (£4.8bn), with substantial expenditure also via the NHS £2.1bn and Scottish Government (£1.5bn). The largest categories of expenditure related to Construction (£2.1bn) and Social Care Services (£1.3bn), which accounted for more than one-third of all public procurement expenditure.

Source: Scottish Procurement Directorate

Sustainable Procurement

"Sustainable procurement can be defined as: A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits not only to the organisation, but also to society, the economy and the environment."

Source: Scottish Sustainable Procurement Action Plan

additional cost and can often be ensured early on in the commissioning cycle simply by designing and specifying services in a different way.

Working within the Scottish Government's procurement policy guidelines and the EC rules, there is a great deal that can be done to maximise this Social Value. Mechanisms such as Community Benefits in Procurement (CBiP) Clauses

have been used to good effect to address social issues (e.g. equalities, diversity, wellbeing, and fair and ethical trading) and realise benefits for the local economy (e.g. local jobs, training, and opportunities for SMEs and Third Sector organisations to compete successfully for public contracts).

Against this backdrop, there has been growing recognition of the role of the Third Sector. The

Scottish Government has made it clear that social enterprises and the wider Third Sector have an important role to play in the design and delivery of public services. Mechanisms such as Public Social Partnerships (PSPs) have been introduced to involve Third Sector organisations more fully in service design and there has been significant investment in building the readiness and capacity of Third Sector suppliers.

1.2 About the Study

The study explores the current awareness, attitudes, behaviours and aspirations of public sector commissioners and procurement professionals in Scotland. The focus is on ways that the public sector can buy more sustainably, maximise Social Value, and deepen their engagement with the Third Sector in doing so. This study has been undertaken as part of the *Developing*

Markets for Third Sector Providers Programme (see opposite) a Scottish Government initiative that is supporting the public sector in Scotland to maximise Social Value through commissioning and procurement processes.

The study does not cover all aspects of sustainable procurement policy and practice; rather it focuses on those areas where the Scottish Government's agendas relating to Sustainable Procurement and support for an Enterprising Third Sector converge (e.g. Community Benefits in Procurement Clauses, Public Social Partnerships, etc.). It does not cover in any great depth the environmental considerations in sustainable procurement nor does it cover all social and economic issues (e.g. Article 19/ Reserved Contracts, access to contracts for SMEs, etc.).

The report offers a snapshot of current perspectives and

circumstances. It provides a baseline against which the success of Developing Markets for Third Sector Providers programme will be assessed.

It is hoped that the evidence produced in this study and its planned follow-up in 2013 will be instrumental in stimulating debate, furthering knowledge, and guiding support for public sector bodies that are committed to maximising the Social Value they can obtain.

1.3 The Survey

The evidence contained in this report is drawn from a survey of public sector staff in Scotland with a responsibility for service commissioning and procurement.

The survey was designed in January 2012 by the Ready for Business consortium team, currently delivering the Developing Markets for Third Sector Providers programme, with input from representatives of the Scottish Government.

The survey was conducted in February and March 2012 by Social Value Lab, with an invitation to participate extended to the public sector commissioning and procurement community through a variety of channels. This included an invitation by the Scottish Government, the Centres of Procurement Expertise, and others by way of e-bulletins and direct email correspondence.

Developing Markets for Third Sector Providers

'Developing Markets for Third Sector Providers' is a Scottish Government programme intended to secure greater social value through sustainable procurement, and in doing so to grow the role of third sector providers in the delivery of public contracts. The programme is being delivered by a consortium comprising Ready for Business LLP, KPMG, Social Value Lab, and MacRoberts LLP. The programme complements other important initiatives, including the Procurement Reform programme and the Scottish Sustainable Procurement Action Plan, in strengthening social outcomes from public sector commissioning.

See www.readyforbusiness.org

The survey was administered online and responses independently analysed by the team at Social Value Lab during April 2012.

1.4 Respondent Characteristics

The survey received views from 182 respondents located across the public sector in Scotland.

Figure 1.1 outlines the main characteristics of the survey respondents. It shows:

- The public sector buying community that responded tended to hold responsibility for procurement (70%) rather than commissioning or related responsibilities.
- The largest group of respondents (56%) held local responsibility (as opposed to national or regional), with most of these from within Local Authorities.
- The sample included respondents with responsibility for all procurement categories, with a particular emphasis on Care & Social Work Services (21%) and Corporate Services (18%).

Figure 1.1: Characteristics of Respondents

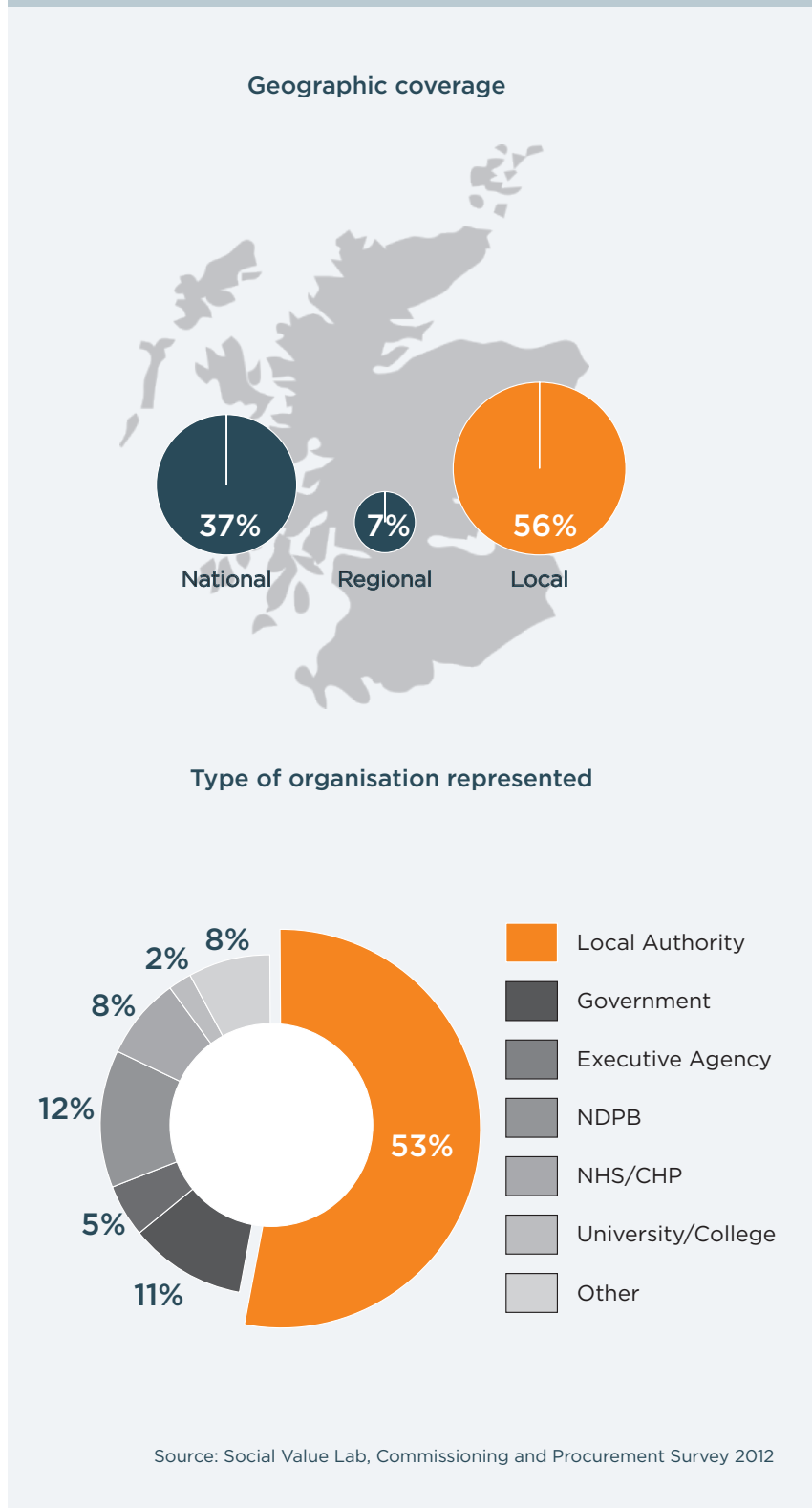
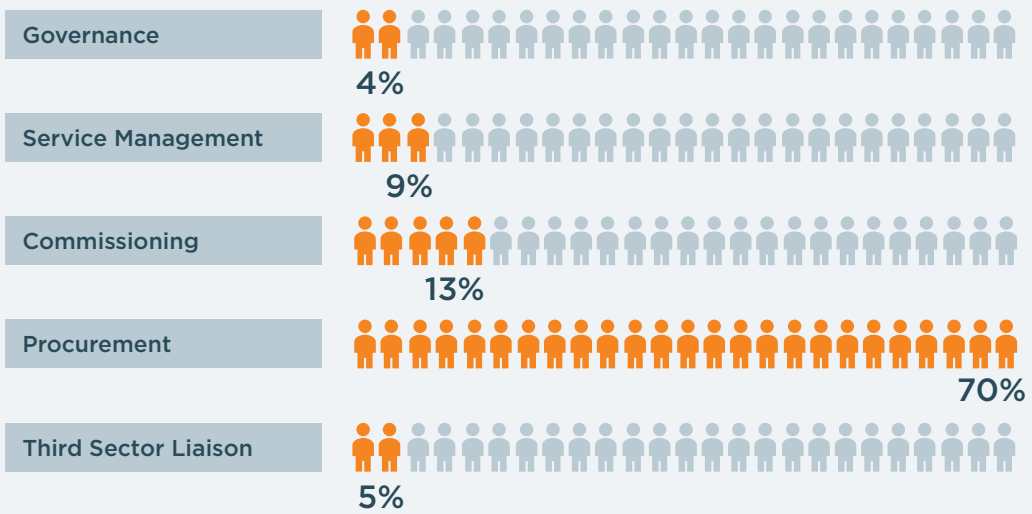


Figure 1.1: Characteristics of Respondents

Main responsibility of respondents



Area of Commissioning | Procurement



1.5 Report Structure

This report has been prepared to outline the main findings of the survey of the public sector commissioning and procurement community. With this in mind the report is set out as follows.

Section 2

Embedding Sustainable Procurement

This section examines the current awareness and efforts on the part of public sector buyers to take forward requirements under the Scottish Government's Sustainable Procurement Action Plan.

Section 3

Planning for and Measuring Social Value

This section examines the extent to which public sector bodies are attempting to define and measure wider social, economic and environmental benefits in their purchasing.

Section 4

Using Community Benefit in Procurement Clauses

This section examines the awareness and use of Community Benefits in Procurement (CBiP) Clauses; a recognised way of articulating and realising Social Value within public contracts.

Section 5

Involving the Third Sector Providers

This section examines views on the role of the Third Sector in delivering public contracts, the extent of this involvement currently, and the main barriers to working with the sector.

Section 6

Engaging in Public Social Partnerships

This section examines views and experiences relating to Public Social Partnerships; a practical expression of the ambitions of public service commissioners and procurers to collaborate with the Third Sector.

Section 7

Conclusions and Next Steps

This section draws out the main messages from the study and describes the support becoming available through the Developing Markets for Third Sector Providers Programme to address the issues raised.

Section 2

Embedding Sustainable Procurement

This section examines the current awareness and efforts on the part of public sector buyers to take forward requirements under the Scottish Government’s Sustainable Procurement Action Plan.

2.1 Awareness of Requirements

The Scottish Government has produced a Sustainable Procurement Action Plan to assist public bodies to build sustainable procurement into their corporate culture, take proper account of sustainability in procurement activity and to be able to demonstrate how this is being achieved. Introduced in late 2009, the Action Plan promotes a ‘whole organisation approach’ to sustainable procurement, a benchmarking structure and a timetable for specific actions to promote best

practice across the public sector in Scotland.

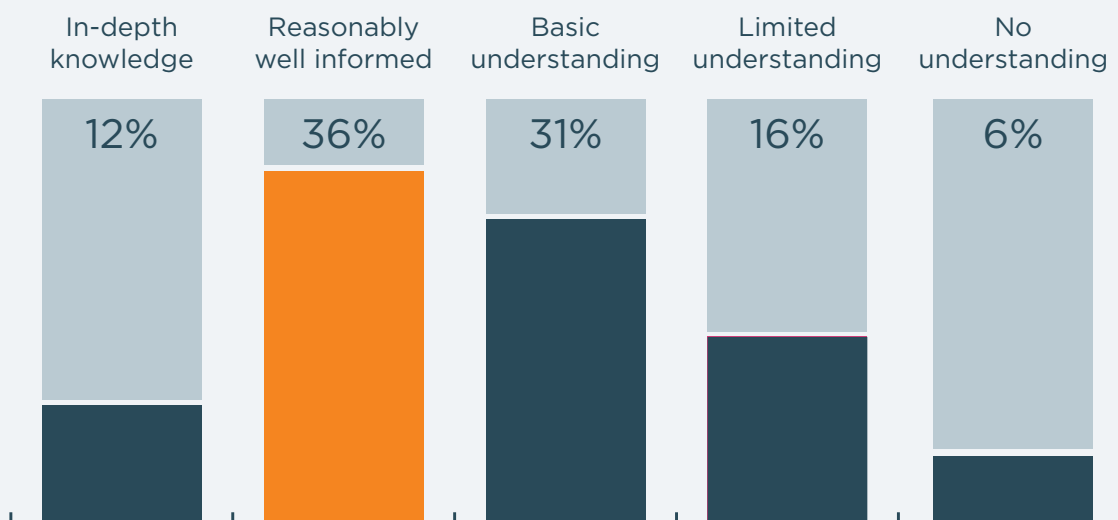
The survey findings shown in Figure 2.1 indicates that relevant public sector staff are ‘reasonably well informed’ or have at least a ‘basic understanding’ of requirements under the Sustainable Procurement Action Plan. However, the challenge is to deepen and accelerate this understanding across the public sector with at this stage only 12% have claimed ‘an in-depth’ knowledge of the requirements.

2.2 Policy and Planning

The Sustainable Procurement Action Plan requires each public body in Scotland to incorporate sustainability objectives into their organisation’s activities, policies and strategies, and to develop its own Delivery Plan to improve the sustainability of its procurement activity.

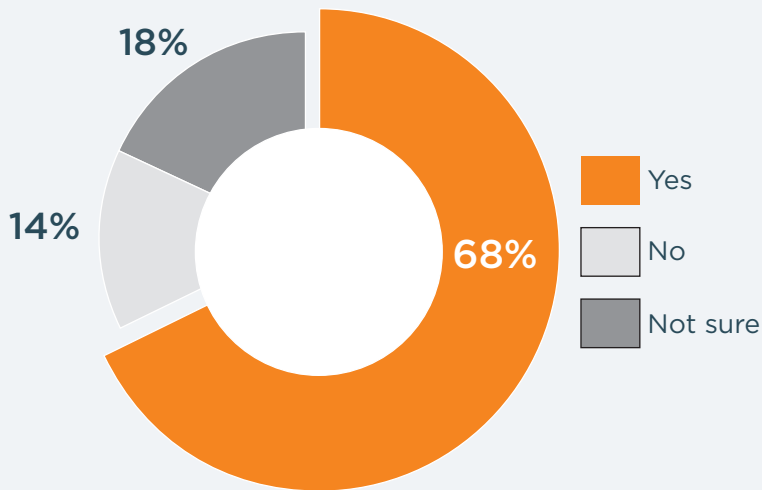
Evidence from the survey shows that in more than two-thirds of cases (68%) respondents believe their organisation to have an up-to-date Policy or Delivery Plan in place (see Figure 2.2 for details). Almost one-in-five service

Figure 2.1: Awareness of requirements under the SPAP



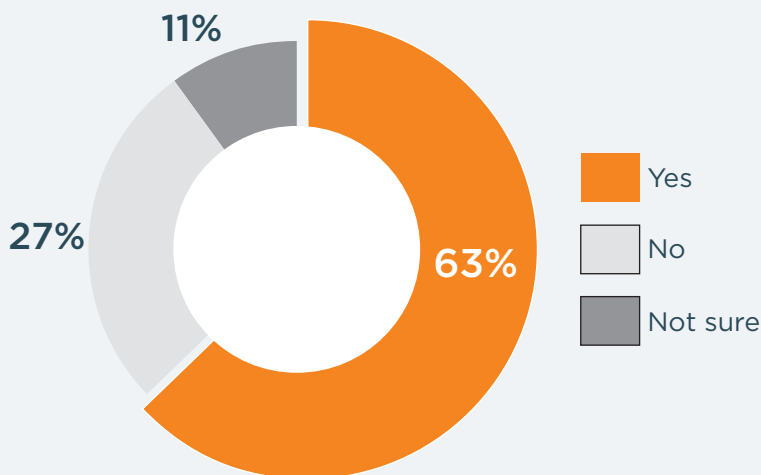
Source: Social Value Lab, Commissioning and Procurement Survey 2012

Figure 2.2: Up-to-date policy or delivery plan?



Source: Social Value Lab, Commissioning and Procurement Survey 2012

Figure 2.3: Received Sustainable Procurement training?



Source: Social Value Lab, Commissioning and Procurement Survey 2012

commissioners and procurement professionals (18%) were unsure whether this was the case, highlighting the need for further communication as part of the ‘whole organisation’ approach to buying sustainably.

2.3 Training

The Sustainable Procurement Action Plan has placed a requirement on public bodies to introduce an awareness raising and training plan on sustainability in procurement. Nationally, a programme of training is being rolled out across the public sector based on the approaches promoted by the Marrakech Task Force on sustainable public procurement, a global effort to promote progress on the implementation.

The survey findings set out in Figure 2.3 shows that the take up of sustainable procurement training appears to be reasonably high. Almost two-thirds of respondents (63%) have indicated that commissioning procurement staff in their organisation had received some form of Sustainable Procurement training in the last 12 months.

2.4 Environmental Considerations

Sustainable procurement involves looking at environmental concerns such as energy emissions and the materials used in manufacturing, to things like where a product is coming from and how long its lifecycle is. Government Buying Standards (formerly known as Buy Sustainable Quick Wins) are designed to make it easier for government buyers to procure sustainably. Government Buying Standards (GBS) are the Government’s vehicle for introducing EU Green Public Procurement (GPP) Criteria to the UK.

The understanding of these environmental standards is not yet widespread. In the survey only one-third of respondents (33%) considered themselves to have either an ‘in-depth knowledge’ or be ‘reasonably well informed’ about GBS, reducing to just 13% for EU GPP Criteria.

Likewise, not all authorities are yet making full use of GBS. The survey evidence presented in Figure 2.4 indicates that these standards are most widely

Figure 2.4: Application of Government Buying Standards



Source: Social Value Lab, Commissioning and Procurement Survey 2012

applied in relation to Paper and Paper Products (in around half of cases), Office ICT equipment, and Furniture supplies. It is notably less well applied in relation to Horticulture and Park Services, Textiles, and Water Using Products.

There is therefore more to do to encourage environmentally sustainable procurement decisions, both in terms of understanding and application.

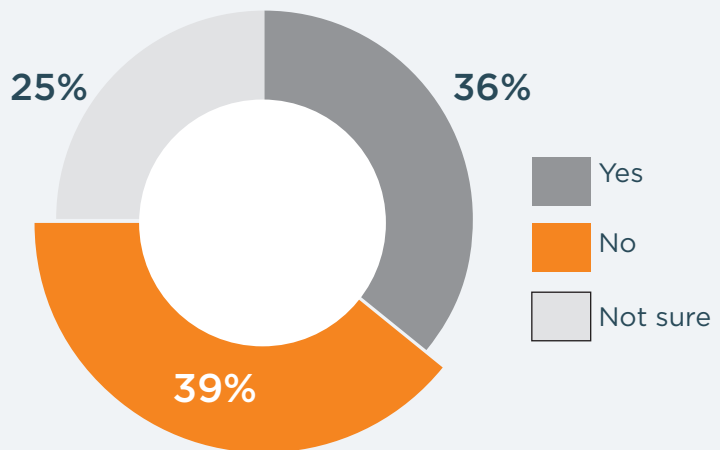
2.5 Community Benefits

Social and economic considerations and how these can be delivered in the form of local 'community benefits' are also central to Sustainable Procurement. To spread knowledge and expertise in this area, there is a drive to designate community benefits 'champions' across the public sector.

A Public Sector Community Benefits Champions Network currently has representation from Scotland's Local Authorities and variety of local, regional and national bodies. The survey shows that in two-in-five cases (36%) respondents were aware of a Community Benefits Champion in some area of procurement located in their organisation. However, according to the results shown in Figure 2.5 there remains a high degree of uncertainty about how Community Champion is defined and what form this takes.

The role of securing Social Value in procurement and the use of Community Benefits Clauses in Procurement is examined in further detail in later Sections.

Figure 2.5: Community Benefits Champion in the organisation?



Source: Social Value Lab, Commissioning and Procurement Survey 2012

Section 3

Planning for and Measuring Social Value

This section examines the extent to which public sector bodies are attempting to define and measure wider social, economic and environmental benefits in their purchasing.

3.1 Buying for Wider 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 securing this ‘Social Value’; a short-hand term used to describe the wider social, economic and environmental benefits that can be secured by the public sector when in purchases goods, works, and services.

There is a commitment on the part of public bodies to maximise the benefits that can be derived through the commissioning and procurement process. The survey findings illustrated in Figure 3.1 show that in over half of cases (54%) respondents stated that they attempt to identify and value those outcomes (Social Value) that are relevant to wider corporate objectives, either

Figure 3.1: Identify and value wider outcomes (Social Value)?



‘always’ or ‘often’. However, in two-in-five cases (39%) this occurs only ‘sometimes’ and of more concern in 7% of cases ‘never’.

This is increasingly important, but challenging, in a period of financial constraint as the following comment reveals.



In these more austere times finance has become a subject of greater focus as opposed to social outcomes in procurement.



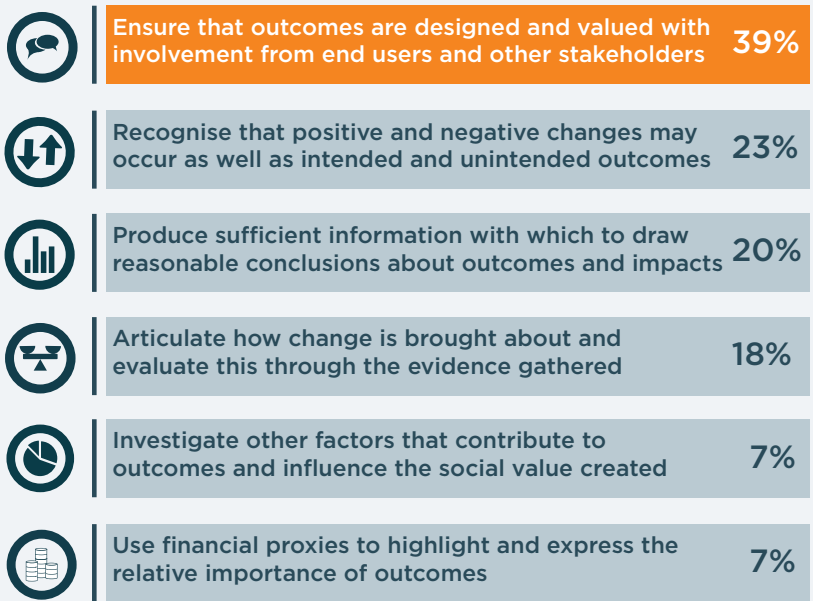
3.2 Identifying and Valuing Outcomes

There has been increasing attention on buying outcomes (individual outcomes, service level outcomes and strategic outcomes). This shift to an outcomes-focus is a cultural shift that requires public service commissioners and procurers to define the outcomes that need to be achieved through contracts and devise ways of measuring their achievement.

The survey examined the extent to which commissioners and procurers ‘fully’ apply the principles set out in Figure 3.2 when identifying and valuing outcomes. In two-in-five cases (39%) respondents indicated that they design outcomes around the needs of service users and other stakeholders. However, respondents were much less likely for instance to report investigating issues such as ‘attribution’ and to use ‘financial proxies’ when weighing up the full costs and benefits of buying decisions.

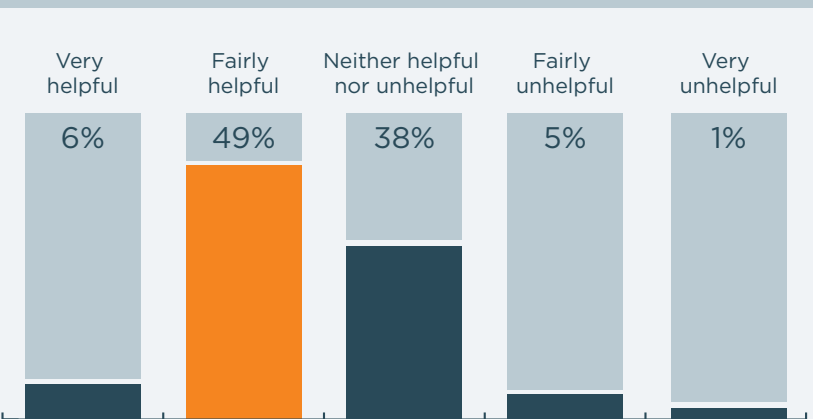
While this is a challenging area of work, these findings suggest scope to broaden the understanding of buyers on what we mean by ‘value’, and the way that outcomes can be specified and managed to maximise value from public sector purchasing.

Figure 3.2: Identifying and valuing outcomes



Source: Social Value Lab, Commissioning and Procurement Survey 2012

Figure 3.3: Views on Social Return on Investment (SROI)



Source: Social Value Lab, Commissioning and Procurement Survey 2012

3.3 Measuring Social Return on Investment

Measuring Social Value is not straightforward. Important social outcomes (e.g. well-being) are often difficult to quantify and

therefore difficult to take into account, evaluate and compare. In the search for ways to ascribe quantifiable values to these ‘soft’ outcomes, a framework to calculate Social Return on Investment (SROI) has been

developed with support from the Scottish Government.

Consistent with the principles noted in Section 3.2, SROI offers a valuation technique that can help the public sector to more comprehensively weigh up the costs and benefits of buying decisions. In our survey, half of respondents (51%) reported some level of familiarity with SROI although only 6% of these were ‘fully familiar’ with the approach.

The survey also examined views on the SROI approach. The findings set out in Figure 3.3 show that of those that were familiar with the concept, the most commonly held view was that SROI was ‘fairly’ helpful (49% of respondents). Many also held a neutral view on the issue (38%), perhaps reflecting the lack of full knowledge of the framework.

The following illustrative comments from respondents serve to highlight both the intuitive value attributed to the approach yet the perceived difficulty in applying it.

Overall, the findings suggest that if SROI is to be widely used as a tool by the public sector buying community then there is much work to be done in simplifying and communicating its potential uses.



It is a tool that demonstrates the outcomes and benefits that in the past were very difficult to show monetary value of.



I have a positive personal experience of identifying service users and carer value hierarchy's in commissioning large scale care at home services.



Where it has worked, it has worked well but it is not easily applied on a universal basis and requires more work to allow its value to be better deployed.



Purchasing decisions are often a matter of hard headed decisions about resource the added value approach of SROI is not firmly embedded in peoples thinking about services.



There is a perception that it is too complicated for providers or procurers to apply and evaluate.



Section 4

Using Community Benefits in Procurement Clauses

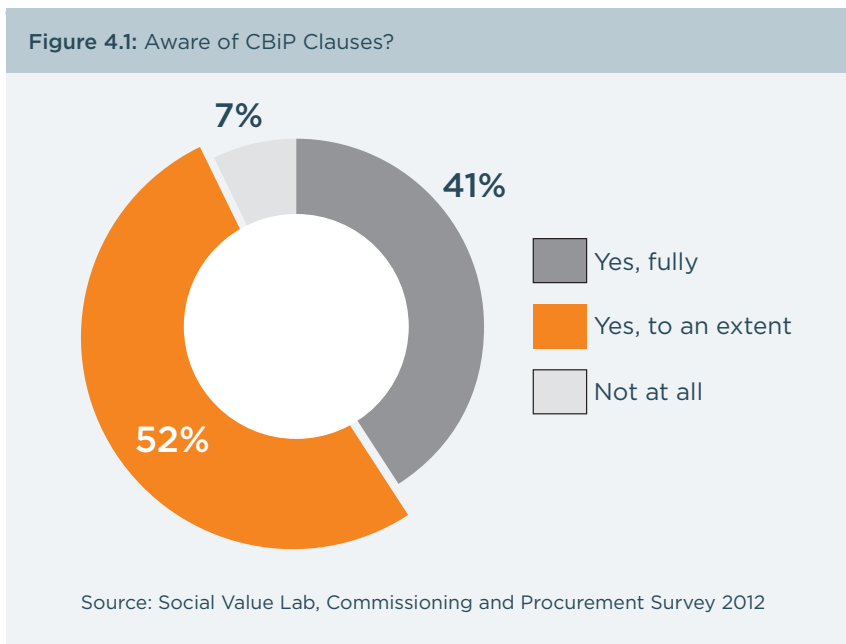
This section examines the awareness and use of **Community Benefits in Procurement (CBiP) Clauses**; a recognised way of articulating and realising Social Value within public contracts.

4.1 Awareness of CBiP Clauses

Community Benefit in Procurement (CBiP) Clauses, commonly referred to as Community Benefits Clauses, provide a method of including social and economic matters in contracts for the supply of goods, services or works that do not conventionally have these requirements as defined or measured outcomes. These are legally permissible clauses that are designed to maximise the Social Value that can be obtained through contracts.

The survey findings shown in Figure 4.1 indicate a high level awareness of CBiP Clauses. Overall 93% of respondents indicated some level of awareness, although in half of cases this was partial (52%). Awareness appears to have grown somewhat in the last three years. For example the 2009 Scottish Government survey of commissioners and procurers¹ found that 20% of respondents were 'fully aware' of CBiP Clauses².

This is an encouraging finding in that it suggests there is now a solid platform of awareness on



which to base the further roll out and use of CBiP Clauses across the public sector in Scotland.

4.2 Experience in Applying CBiP Clauses

CBiP Clauses have developed considerably over recent years. Historically, the focus has been on targeted training and recruitment, but increasingly clauses are being developed to encourage contractors to engage with Small and Medium Sized Enterprises (SMEs) and social

enterprises, and address a range of other issues. Likewise, Clauses to date have largely been applied in construction contracts, although they are increasingly being explored in relation to services.

The survey has provided a useful snapshot of the current application of CBiP Clauses. The responses illustrated in Figure 4.2 show that in two-thirds of cases (67%) CBiP Clauses are being applied by public authorities in some but not all contracts.

¹ Scottish Government (2009), *Service Commissioning and Procurement Survey*, August

² It should be noted that the 2009 survey canvassed the views of local authority staff only and was reliant on a much smaller sample of opinion.

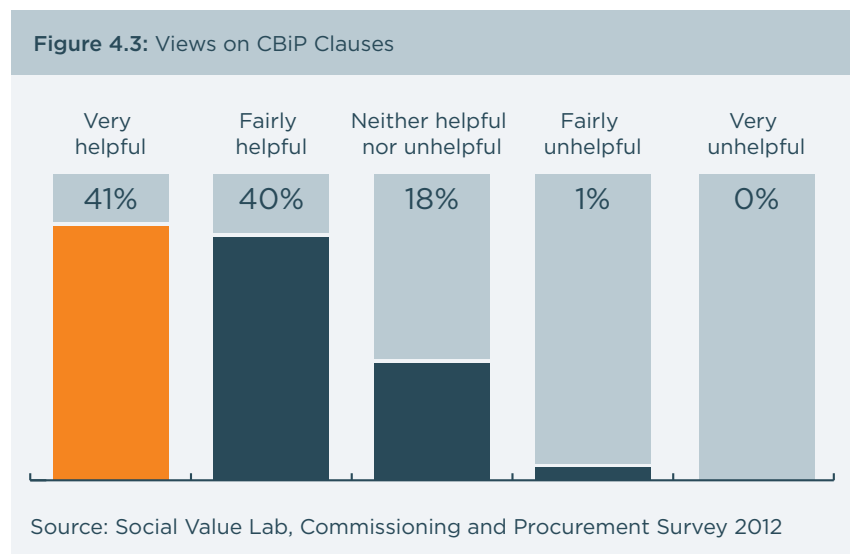
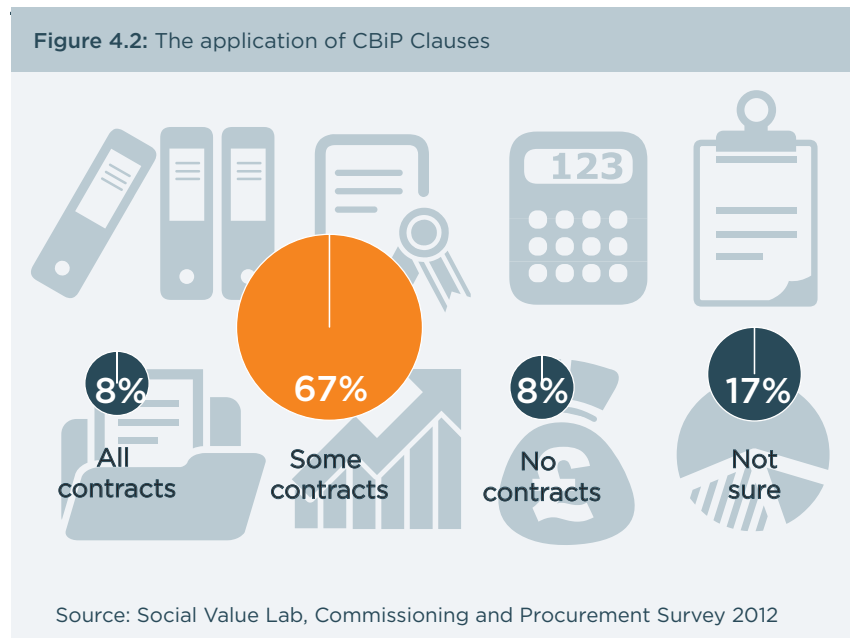
This is a very positive finding, albeit one that highlights the continuing challenge of systemically embedding the use of CBiP Clauses in public sector corporate policy and in extending their use.

4.3 Views on CBiP Clauses

The Scottish Government launched guidelines on CBiP in February 2008³; this based on the experience of five pilot projects that tested clauses in public contracts. Since then the guidance and associated template clauses have been applied in a variety of cases, involving a growing number of public sector staff.

The survey evidence shows that a significant body of public sector staff are now actively applying the approach. In total 37% of survey respondents reported some level of involvement in applying CBiP over the previous 12 months.

The survey findings also reveal some very positive views among those familiar with CBiP Clauses. The views summarised in Figure 4.3 show that four-in-five respondents (81%) consider CBiP Clauses to be either ‘very’ or ‘fairly’ helpful as an approach to building economic or social conditions into public contracts. Only 1% found them unhelpful.



Despite strong interest, the feedback received has highlighted both the complexity and uncertainty in applying Clauses effectively within public contracts.

³ Scottish Government (2008) Community Benefits in Procurement, February



It's very dependent on the specific contract. Large service contracts work well, small goods contracts it's a lot more challenging. When margins are tight, forcing suppliers to come up with innovative answers to CBC's doesn't always help.



It's problematic; lack of clarity with how this fits with contracts and procurement rules limits the willingness of our stakeholders to put much energy into this.



The clause must be considered in the context of the contract and the external market - too often are clauses (both community benefits and others) simply inserted and expected to "do the job".



Even where we include CB provisions will likely be somewhat down the evaluation criteria. First and foremost, procurement teams seek to meet the operational needs/quality then price.



While CB clauses will help create a more level playing field for all bidders the ability to evidence quality in service delivery will remain a key requirement. Co-production, preventative impact and efficiency are concepts bidders have difficulty with.



Section 5

Involving Third Sector Providers

This section examines views on the role of the Third Sector in delivering public contracts, the extent of this involvement currently, and the main barriers to working with the sector.

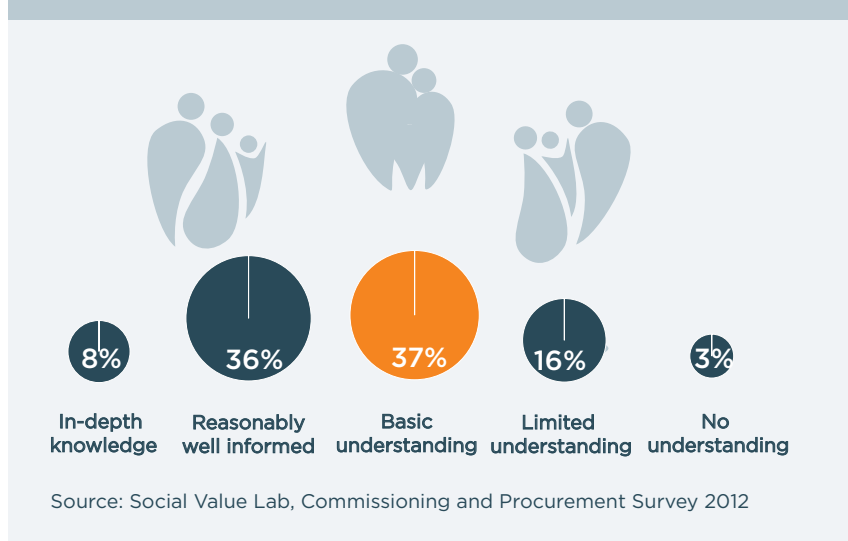
5.1 Understanding and Relevance

The Scottish Government has made it clear that social enterprises and the wider third sector have an important role to play in the design and delivery of public services, particularly in relation to preventative areas of spending.

There appears to be a strong recognition of the significance of the Third Sector in public sector commissioning and procurement. In the survey, 91% of respondents stated that having an understanding of the Third Sector was relevant to their day-to-day responsibilities (in 35% of cases it was considered 'highly relevant').

There also appears to be a generally good level of understanding of the work of the Third Sector. When asked to rate their understanding of the Third Sector in relation to public contracts, the survey findings presented in Figure 5.1 show that 81% of respondents claimed to hold at least a 'basic understanding' although for less

Figure 5.1: Understanding of the Third Sector in relation to public contracts



than one-in-ten (8%) this was considered 'in-depth'.

There are some attempts to grow this knowledge. In our survey 13% of respondents reported that commissioning/ procurement staff within their organisation had received some form of training over the last 12 months related to 'buying from the Third Sector' (although a further 28% were unsure of whether this was the case). This is challenging as the following illustrative comment highlights.

It is clear that there is a body of experience and expertise within the public sector when it comes to buying from the Third Sector, with some more engaged than others. The survey found that 59% of respondents had at some point let a contract directly to a Third Sector organisation. Likewise, 28% stated that they had let a contract to a consortium that included a Third Sector Organisation.



I would like to have a greater understanding of the third sector but my day to day workload is such that I have been unable to develop the knowledge required.



5.2 Views on the Third Sector

Public policy increasingly recognises an enterprising Third Sector as a vital source of sustainable economic growth, as a key support for vulnerable communities and as a critical part of the reform of public services in Scotland. Within this the Third Sector has several roles to play in relation to public services, from giving voice to users' needs to getting directly involved in service delivery.

The prevailing view among public sector commissioners and procurers towards the Third Sector is a positive one. When asked the question 'In your experience, does the Third Sector appear to offer something unique in relation to the goods and services that your organisation buys?' almost half of respondents (46%) stated that this was the case. Perhaps understandably, a further 37% were unable to confirm or reject this assertion. Only 17% rejected it.

In order to test perceptions and attitudes further, the survey gauged reaction from respondents to a given list of statements. The results presented in Figure 5.2 set out levels of agreement to each



statement (where respondents either agreed or strongly agreed). They show particularly widespread agreement that engagement with the Third Sector can both help buyers to gain a better understanding of local needs and make it easier to commission high quality services. However, while respondents

generally indicated that public contracts are open to all to bid for on an open basis, there is notably less agreement that public authorities maximise opportunities for the Third Sector to compete or that the sector has the skills or capacity to fare well in open competition.

I can't discriminate for or against any sector, all tenderers/suppliers are treated equally.

In weighing up the above statements there are two further important points to note from the feedback. Firstly, it is exceptionally difficult to

generalise about the Third Sector in relation to public contracts given the diversity evident within the sector. Secondly, no matter how inaccurate they prove to be,

perceptions tend to influence behaviour. The follow comments are illustrative in this respect.



““ There is a perception that the sector has issues with scale, price, professionalism and the quality of tenders submitted. As with any other sector, this should not be universally applied. ””



““ There is a perception amongst third sector providers that work can be 'given' to them without the need for competition, tender, etc. This is of course untrue. ””



““ The perception of the Third Sector is that procurement will not be helpful - they must feel confident in approaching organisations for advice and guidance, we will always give as much as we can! ””



““ In my experience when a Local Authority engages with the Third Sector perceptions can prevail regardless of fact, creating unnecessary barriers towards effective participation. ””

5.3 Strategic Engagement with the Third Sector

The Public Sector and the Third Sector already have a long track record of working together, but also a growing interdependence and need to collaborate during tough economic conditions. Nationally, the Enterprising Third Sector Action Plan has

sought to create an environment where the Third Sector can play its full role with public sector partners. More locally, the Joint Statement on the relationship between government and the Third Sector⁴ is to be progressed through single Third Sector Interface arrangements and aligned to various corporate policy objectives.

The basis for cross-sector collaboration on commissioning and procurement is not always explicit or clear. According to the survey feedback only 28% of respondents reported that their public authority has a strategic approach to contracting with the Third Sector, although a further 27% were unsure in this respect.

⁴ Scottish Government (2009) Joint statement on the relationship at the local level between Government and the Third Sector, September

Where it exists this ‘strategic approach’ takes a variety of forms. Often collaboration with the Third Sector is driven by a range of corporate policies and plans, rather than articulated in a specific or stand-alone strategy.

The survey explored a range of typical strategic frameworks that guide collaboration. The findings presented in Figure 5.3 show varying levels of awareness of these frameworks. Perhaps understandably Financial/ Procurement strategies and Single Outcome Agreements were at the forefront of the minds of the public sector buying community. There was, for example, more limited awareness of dedicated social enterprise, third sector, or community asset transfer strategies being in place to guide collaboration with the Third Sector.

5.4 Involving the Sector in the Commissioning and Procurement

The Third Sector is expected to play a larger role in delivering public contracts and to add value to service delivery. This requires effective engagement throughout the entire commissioning and procurement cycle.

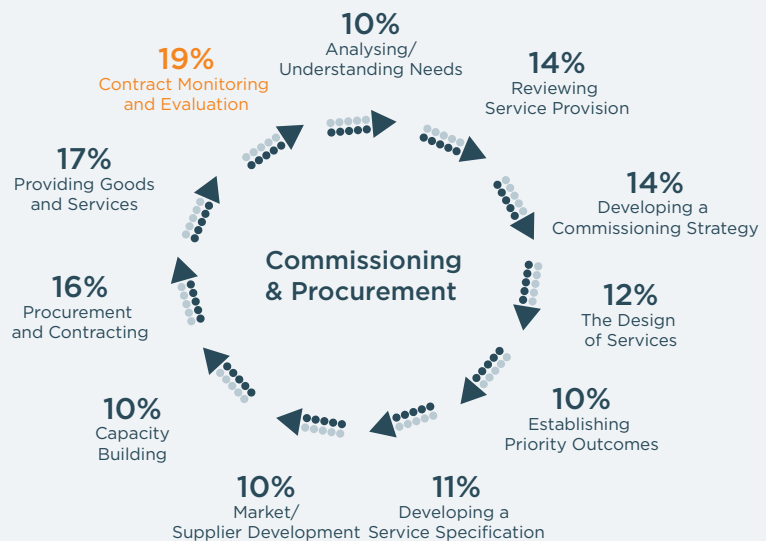
The survey asked respondents whether their organisation actively engaged with the Third Sector at key stages in this cycle. The feedback

Figure 5.3: Awareness of frameworks for collaboration with the Third Sector



Source: Social Value Lab, Commissioning and Procurement Survey 2012

Figure 5.4: Full and active engagement with the Third Sector



Source: Social Value Lab, Commissioning and Procurement Survey 2012

presented in Figure 5.4 shows where respondents were able to report on their organisation’s engagement of the Third Sector and where the sector was considered to ‘fully’ engaged.

Less than one-in-five respondents pointed to full engagement with the Third sector at any point in the process, with this involvement most likely to be in the procurement, delivery and monitoring of contracts rather than in the earlier stages of needs assessment and commissioning.

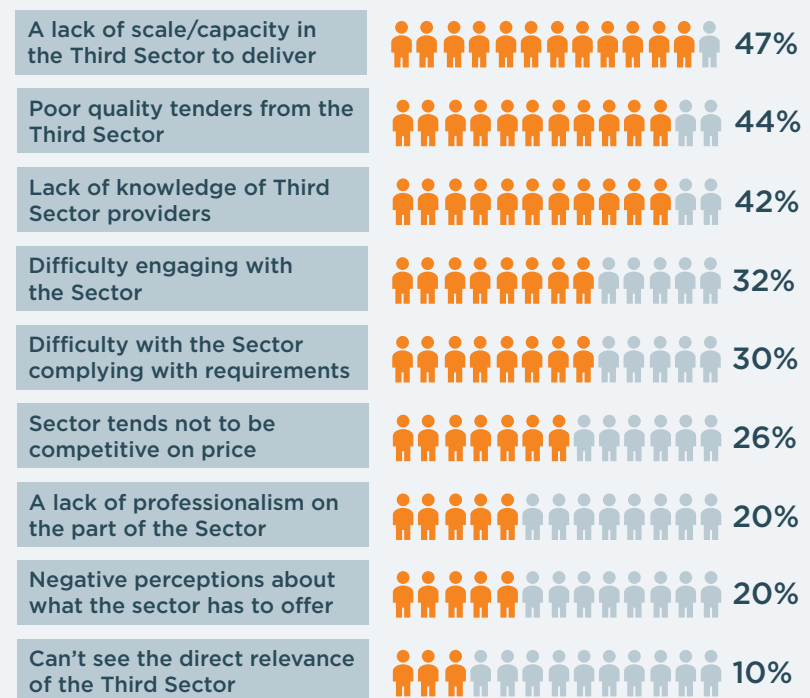
Thorough knowledge of the market and its suppliers forms the basis of effective commissioning and procurement, and of meaningful engagement with the Third Sector. In this respect, only 14% of respondents reported that their organisation had carried out any form of ‘mapping exercise’ of potential Third Sector suppliers, although a further two-in-five respondents (39%) were unsure. There was greater awareness evident however of the Ready for Business register (among 38% of respondents); a register of “business ready” Third Sector organisations that are enterprising and well placed to deliver public sector contracts. Overall, the findings imply that there is more to do to fully connect with and involve the Third Sector in commissioning and procurement processes.

5.5 Barriers to contracting with the Sector

The commitment to developing the role of the Third Sector in the delivery of public contracts does not imply preferential treatment of any kind. It is about extending opportunities to Third Sector suppliers, building effective relationships with them, and helping where possible to remove some of the barriers to involvement.

The survey explored those barriers experienced by public commissioners and procurers in tendering with the Third Sector. Among the main barriers noted in Figure 5.5 is the perceived lack of scale/ capacity of the Third Sector and perceived poor quality of tenders. Also on the part of the public sector, their lack of knowledge of Third sector suppliers and the difficulties evident in engaging with them.

Figure 5.5: Barriers to tendering with the Third Sector



Source: Social Value Lab, Commissioning and Procurement Survey 2012

5.6 Scope to Strengthen Engagement with the Sector

Working within the Government’s procurement policy guidelines and the EC rules, there is a great deal that buyers can do to encourage participation by Third Sector suppliers in the delivery of public contracts.

The survey examined whether the current situation could be improved. Overall, four-in-five respondents (78%) reported that Commissioning/ Procurement could be improved to engage more positively with the Third Sector. A further 20% were unsure, while only 2% believed that no improvement was possible.

When asked if there was anything that would improve public sector understanding and confidence in Third Sector contract delivery a variety of suggestions were put forward. Among the most frequently cited suggestions were the need for more information on the Third Sector to inform action, and mechanisms to foster further cross-sector dialogue, relationships and collaboration. A breakdown of suggestions is presented in Figure 5.6.

Figure 5.6 Ways to build understanding and confidence in the Third Sector



Source: Social Value Lab, Commissioning and Procurement Survey 2012

Section 6

Engaging in Public Social Partnerships

This section examines views and experiences relating to Public Social Partnerships; a practical expression of the ambitions of public service commissioners and procurers to collaborate with the Third Sector.

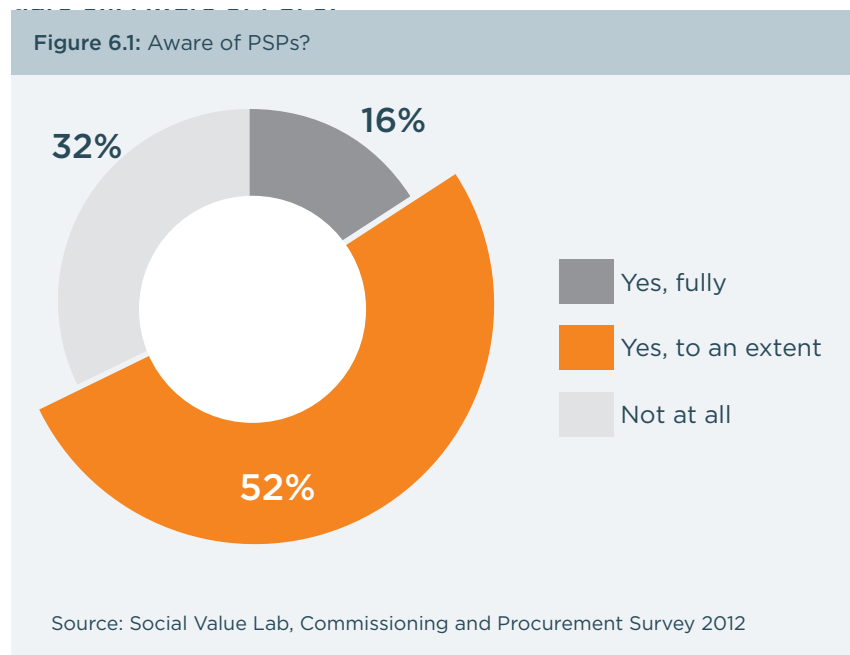
6.1 Awareness of Public Social Partnerships

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 service user needs. Once designed and trialled, such services can then be commissioned for the longer term through a competitive tendering process.

Awareness of PSPs is growing from a small base. The survey findings presented in Figure 6.1 show that most respondents reported some level of awareness of PSPs, although only a minority claimed to be fully aware (16%). The findings suggest that there is more to be done to deepen and accelerate knowledge across the public sector of the potential of PSPs.

6.2 Investigation of and Involvement with PSPs

Originally based on an Italian model, the PSP approach was adapted for use in Scotland initially through support from the EQUAL Social Economy Scotland Development Partnership and Scottish Government. Most





recently the approach was developed as part of the Scottish Government's PSP programme (2009-11) where ten pilots were supported across Scotland. The potential to apply the PSP model is now being identified and examined by public bodies across the country.


As part of the PSP programme a growing number of public sector officials were exposed to the concept. In the survey 17% of respondents indicated that they had personally participated in a PSP in the previous 12 months. The feedback however suggests that much of this involvement did not extend beyond investigation or initial dialogue on PSPs, or indeed may not have

been entirely consistent with the currently accepted PSP model.

The survey results shown in Figure 6.2 also highlight much uncertainty regarding the role of PSPs in public sector corporate policy. Almost half of survey respondents (48%) were unsure about whether their organisation encouraged the investigation of PSPs as part of its approach to service (re)design, although one-quarter (27%) were clear that they did and a similar proportion that they did not.

 **““** We undertook a PSP event to investigate what it is and how we can use it. This was carried out in conjunction with Third Sector providers. **””**

 **““** A PSP is underway at the moment for redesign of supported living. We are in the very early stages. **””**

 **““** Not a PSP as such but used similar model. **””**


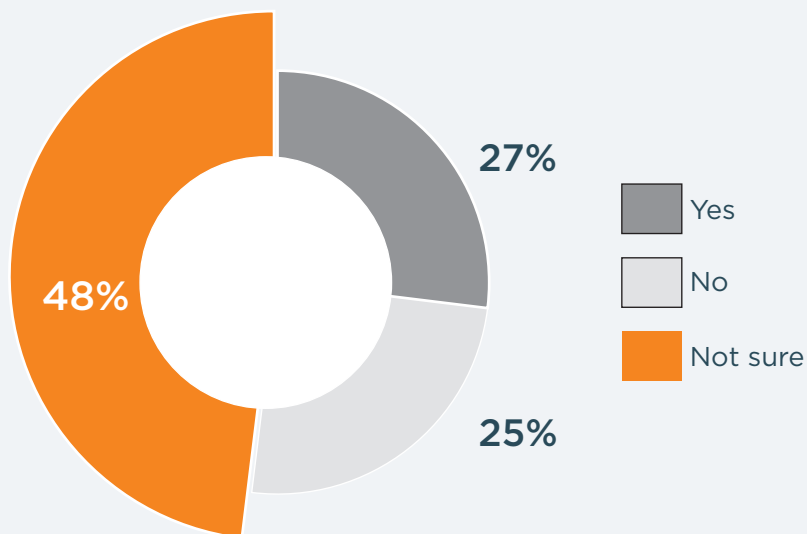
 **““** Not a perfect experience, work needs to be done to develop this model within procurement. We have used them in an informal way for decades. **””**

Figure 6.2: Encourage investigation of PSPs?



Source: Social Value Lab, Commissioning and Procurement Survey 2012

6.3 Views on PSPs

The PSP model has only been fully applied in a reasonably small number of areas of Scotland and the approach is

still developing. There has been significant learning from the Scottish Government’s recent PSP programme and this is now being more widely applied. The feedback from the survey

suggests some concern about the effectiveness of previous PSP pilots and uncertainty about how the PSP model can be applied in practice. The following comments illustrate these points.



“ We do not have sufficient information about these and how conflicts of interest (with legislation, good procurement practice, etc.) can be avoided.



“ PSPs are not clearly defined and broadly misunderstood across the public sector ... Some folk think that PSPs gives them to the option to create a partnership to deliver an actual contract, and therefore a route to avoid tendering, rather than the consultation process that actually is..



“ We were part of the pilot but public sector colleagues were very suspicious of the process and would not engage.



“ We piloted one and it was unsuccessful when it came to the tender, so a lot of work was put in but ultimately it didn’t work for lots of reasons.

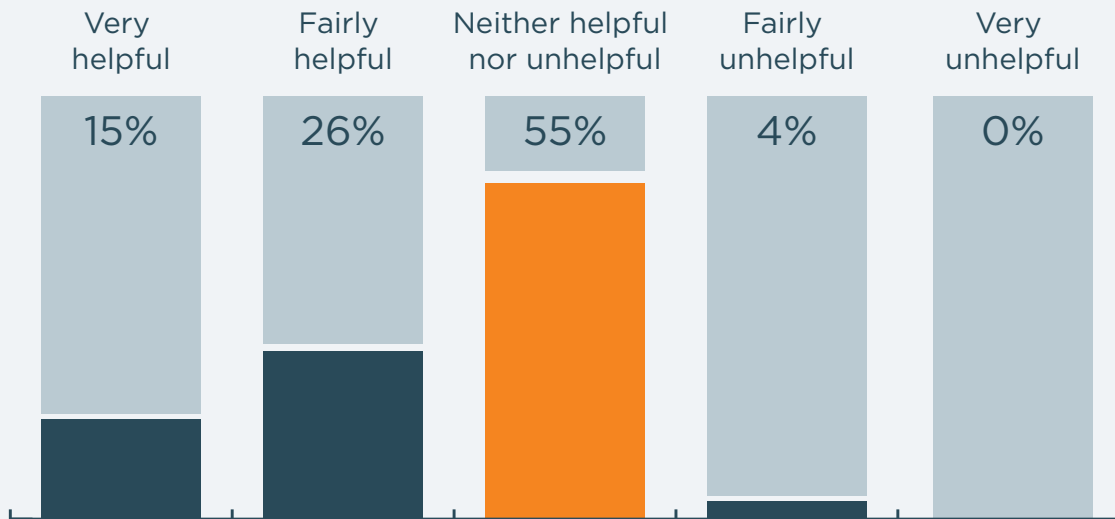


On balance the overall view is that PSPs are much more helpful than unhelpful as an approach to designing and delivering services. Many still hold a neutral view, however, with 55% of respondents having reported it

‘neither helpful nor unhelpful’. This perhaps reflects the lack of full awareness of the approach at this stage and concerns noted about the application of the concept in practice.

Overall the findings suggest the more work is required to publicise how the PSP model can be applied, and the potential benefits of engaging in this approach.

Figure 6.3: Views on PSPs



Source: Social Value Lab, Commissioning and Procurement Survey 2012

Section 7

Conclusions and Next Steps

This section draws out some of the main messages from the survey and describes the support now put in place to address the issues raised by it.

7.1 Main Messages

This study set out to provide an up-to-date snapshot of the views of public sector commissioners and procurement professionals in Scotland as they attempt to buy more sustainably, maximise the Social Value they obtain through purchasing, and deepen their engagement with the Third Sector.

The main findings outlined in the report are as follows:

- The public sector buying community are generally reasonably well informed, or at least have a solid basic understanding of the requirement to buy sustainably. The survey findings, however, suggest that there is still much more to do to deepen understanding of these issues across the public sector and to apply the principles of environmental sustainability into all buying decisions.
- Many public sector commissioners and procurers, when buying routinely attempt to identify and value those outcomes that are relevant to wider corporate objectives (i.e. to secure Social Value). However, the findings suggest that there is scope to broaden understanding of what we mean by 'value', how the principles of SROI can be

applied to inform buying decisions, and the way in which outcomes can be specified and managed to maximise value from public sector purchasing.

- There is a high level of awareness of, and growing level of engagement in, the use of CBiP Clauses as a way of articulating and securing Social Value within public sector tenders. The survey findings suggest that the challenge now is to address any remaining complexity and uncertainty in the application of these clauses, and to extend the range of ways in which they are currently being applied.
- There is a high degree of recognition of the important role that Third Sector organisations can play in delivering public contracts, with views generally very positive on the potential contribution of the sector. However, the findings suggest that more needs to be done to foster stronger cross-sector relationships, build trust, address barriers to collaboration, and more fully involve the Third Sector early and throughout the commissioning/procurement cycle.
- There is a growing level of understanding of the PSP model as a way of involving

the Third Sector in public service design and delivery. Despite a generally positive view of the concept, the survey findings suggest that there is much scope to extend the understanding of PSPs, embed them more fully in public sector corporate policy, and address key concerns about their application in practice.

8.2 Support Now Available

This study has taken the temperature on those issues relating to Sustainable Procurement, Social Value, and the role of the Third Sector in public contract delivery.

In doing so it has informed the detailed design of the Developing Markets for Third Sector Providers Programme, which now includes:

- A series of introductory events located across Scotland to enable public bodies to find out more about the programme, raise awareness of the opportunities to embed Social Value in public sector buying, and engage more effectively with Third Sector partners.
- A number of workshop-based Partners for Change programmes that are bespoke to the needs of participating

public authorities, and facilitate a process intended to deepen relationships with Third Sector partners, develop an Action Plan to address barriers to effective commissioning, and support practical actions for improvement.

- Hands-on support for the design, development, and implementation of up to five strategic PSP projects that will bring together public and Third Sector partners together with a focus on the co-production

and delivery of agreed services.

- Tailored workshops and consultancy advice, delivered free of charge to public bodies in Scotland, and focused on planning for Social Value, the use of CBiP Clauses, the use of PSP models, and the application of SROI principles to inform better purchasing decisions.
- Additional resources including introductory materials,

guidance documents, and case studies intended to inform and inspire. These will be posted on the www.readyforbusiness.org website as they become available throughout the lifetime of the programme.

The programme will operate until at least 31 March 2013 and continue to develop in response to the needs of the public sector buying community in Scotland.

Further information and support

To obtain further information about the Developing Markets for Third Sector Providers programme please use the following contact details:

Contact: Roddy Stewart

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Email: Roddy@readyforbusiness.org

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www.readyforbusiness.org



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