



Cabinet Office consultation

Social Value in Government Procurement

Submission from CIBSE

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The **Chartered Institution of Building Services Engineers, CIBSE**, is the professional engineering institution that exists to ‘support the Science, Art and Practice of building services engineering, by providing our members and the public with first class information’

CIBSE members are engineers who design, install, operate, maintain and refurbish life safety and energy using systems installed in buildings. CIBSE members include specialists in fire safety systems and fire engineering. Others, who are belong to the Society of Façade Engineering, a Division of CIBSE, specialise in the design and installation of cladding systems.

CIBSE is unusual amongst built environment professional bodies because it embraces design professionals and also installers and manufacturers and those who operate and maintain engineering systems in buildings, with an interest throughout the life cycle of buildings.

CIBSE has over 20,000 members, with around 75% operating in the UK and many of the remainder in the Gulf, Hong Kong and Australasia. CIBSE is the sixth largest professional engineering Institution, and along with the Institution of Structural Engineers is the largest dedicated to engineering in the built environment. Our members have international experience and knowledge of life safety requirements in many other jurisdictions. We also have members working in London Underground, with considerable experience in the regulations governing sub-surface stations, which are heavily influenced by the requirements introduced following the Kings Cross fire in 1987.

CIBSE publishes Guidance and Codes providing best practice advice and internationally recognised as authoritative. The CIBSE Knowledge Portal makes our Guidance available online to all CIBSE members, and is the leading systematic engineering resource for the building services sector. It is used regularly by our members to access the latest guidance material for the profession. Currently we have users in over 170 countries, demonstrating the world leading position of UK engineering expertise in this field.

CONSULTATION RESPONSE

Due to the narrow scope of the consultation questions compared to the potential reach of the consultation, we have included key points here which do not fit obviously within any of the 4 consultation questions.

We very much support the intent of the Social Value Act and are aware that its application is still relatively limited¹ due to lack of awareness and guidance. We therefore welcome this consultation and the proposal to specifically include social value in contract awards criteria. This should make it clearer to procurement teams that social value should be considered alongside cost when awarding contracts, and it should prompt bidders to examine opportunities.

We would stress that the Hackitt Review recommended a radical rethink of the approach to procurement. This consultation is one opportunity to make a change, and we therefore have serious concerns about particular aspects:

¹ House of Commons Committee of Public Accounts, 2017
<https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/1031/1031.pdf>

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- The consultation proposals are limited to central government departments, their executive agencies and non-departmental public bodies. We do not think it is appropriate to exclude other public bodies, particularly local authorities: they represent a large proportion of total public expenditure; they have direct links with communities, and therefore have good local knowledge of opportunities to deliver significant social value impacts; they often lack in-house procurement expertise and/or resources, and would therefore benefit from more guidance and consistency on best practice.
 - P4 of the consultation document states “*Procuring authorities are not required to use any of the themes and policy outcomes and it is for them to determine whether or not to do so*”. This has the potential to completely undermine the intent of the proposals; the social value themes in this proposal are broad and all contracts should find at least some of them valid. There should be a clear statement that social value should be integrated in the awards criteria on all contracts, its definition and monitoring should follow the framework of proposed themes, and while not using the proposed metrics may be acceptable on some contracts, other metrics reflecting the same themes should then be used, with a clear rationale to do so.
 - Most of the proposed metrics are focused on impacts through the supply chain, during the project itself. While we broadly support these, this is an extremely narrow interpretation of the value that projects can bring, particularly in the built environment where they can influence long-term environmental, social and health and wellbeing outcomes in the long-term and for a much broader community than the supply chains alone. In the light of the central focus of the consultation launched last week on the regulatory regime for building safety, which very explicitly targets improvements throughout the building life cycle, the focus in this consultation on the supply and delivery phase is at odds with government’s stated wish in relation to improved cultural behaviour in the construction sector.
 - We therefore urge a rethink of the proposals; we have included detailed comments in our response as well as possible references and examples of more holistic and comprehensive approaches.

1. Do you agree with the proposed policy metrics in the model in the attached annex? Do you have examples of such metrics being successfully used in public procurement?

No. Whilst we broadly agree with the themes, although they are limited in some areas e.g. social capital, health and wellbeing, we have strong concerns about the metrics themselves. They appear to be restricted to the impact of the project itself (e.g. wellbeing of the supply chain) rather than its long-term outcomes (e.g. in a construction project, wellbeing of the future building users or neighbouring community). In built environment projects, this approach would miss the opportunities to make the most significant and long-term impact. We do not think this meets the intent of the Act. See our detailed comments against the criteria in the table below.

Furthermore, the consultation specifically excludes projects with a budget over £10m, on the basis that these are covered by the Balanced Scorecard approach. It is understood that some tailoring may be required for projects of smaller budget, however the approach should be as consistent as possible in order to avoid threshold effects, loopholes and inefficiencies if a contract budget changes, and unnecessary complications for bidders and procurement teams. One example of inconsistency in the current proposals is how environmental aspects are considered:

- current proposals i.e. for projects under £10m: by reference to the 25 Year Environment Plan (YEP), which does not cover climate change / energy / carbon considerations
- Balanced Scorecard: resource use, waste to landfill, and energy / carbon, without other environmental aspects which are prominent in the 25 YEP, such as biodiversity and water quality.

There should be as much consistency in the proposals with the Balanced Scorecard, and a further ambition to revise the Scorecard in the future to include broader environmental aspects.

CONSULTATION PROPOSALS		OUR COMMENTS
Themes	Policy Outcome	
Diverse Supply Chains	Ensuring supply chains are accessible to all types of businesses, including SMEs and VSCEs	We would suggest considering the use of consistent and standardised pre-qualification processes that are not unreasonably burdensome for SMEs
	Ensuring supply chains are accessible to all types of businesses, including businesses owned or led by under-represented groups, such as women, BAMEs and people with disabilities	
Skills and Employment	Improved employability and skills	No comment
Environmental Sustainability in support of the 25 Year Environmental Plan	Environmental impacts are reduced	<p>This is much too limited in scope and ambition:</p> <ul style="list-style-type: none"> - The desired outcome should be improvements, not just reducing negative impacts. This is a key part of government policy, including the 25 YEP. As a an side, it is also unclear what the baseline would be to assess how much environmental impacts have ben reduced by; simplistically, if the industry average was assumed as baseline, it would be easy enough for supply chains to show improveents insuch areas while still not delivering best practice. - The proposals iply this would only consider impacts during the project itself. This is a huge missed opportunity to deliver long-term environmental improvements. These must be considered as part of the award criteria. There is an increasing focus on performance in use in the built environment, and it is possible to define suitable measurable metrics for a number of objectives. - Climate change must be prominent; the Climate Change Act should be mentioned alongside the 25 YEP, as a theme; climate change adaptation and reductions in carbon emissions must be mentioned in the policy outcomes

CONSULTATION PROPOSALS		OUR COMMENTS
Themes	Policy Outcome	
Inclusion, staff mental health and wellbeing	Ensuring businesses in the supply chain encourage improved gender pay balance	We support these objectives, however they only consider the supply chains and its interaction with communities during the project itself. This is an extremely narrow interpretation of the value that projects can deliver to the health and wellbeing of communities. There must be consideration of wider and longer-term outcomes.
	Ensuring businesses in the supply chain encourage increased representation of people with disabilities in the workforce	
	Ensuring businesses in the supply chain encourage increased Black, Asian and Minority Ethnic (BAME) representation in the workforce	
	Ensuring businesses in the supply chain encourage inclusion and improved staff mental health and wellbeing	
	Ensuring businesses in the supply chain encourage more cohesive communities	
Safe and Secure Supply Chains	Cyber security risks are reduced	An option could be reviewed to use accreditation by the National Cyber Security Centre as part of the criteria
	Modern slavery risks are reduced	We support this; we suggest that instead of, or in addition to using the “number and type of initiatives” to reduce the risks of modern slavery, the metrics should be tailored to outcomes i.e. evidence that action has been taken and that improvements are expected. A large number of ineffective initiatives would have no value. The Modern Slavery Act has been in place for several years and it should be possible for supply chains to demonstrate action and improvements. Similarly, we are not sure that using the “number of people employed to manage the risk of modern slavery in relation to the contract” is a suitable metric. What they will do and how this will be measured at the end should be the focus.

Examples of such metrics:

We are aware of the following metrics and projects which seek to define and assess long-term outcomes in built environment projects:

- Work of the social value group²
- Royal Institute of British Architects (RIBA) upcoming toolkit for measuring the Social Value of Architecture and upcoming sustainability outcomes framework, both expected in 2019
- Health Impact Assessments
- Construction Leadership Council work on procuring for value: following their recommendations report last year³, they are working on a definition of value, expected in 2019.

While they may not be entirely adopted on all projects, we strongly recommend that they should be reviewed and inform a revised set of themes and metrics to ensure that the award criteria, and the procurement process in general, take account of long-term outcomes rather than those of the project itself.

2. Do you agree that the proposed minimum 10% weighting for evaluating social value in the bid is appropriate?

No. We appreciate there are projects where opportunities and scope may mean that such a small weighting is appropriate, however, if a default value is provided as guidance, we think it should be much higher, with the option for procurement teams to reduce it where appropriate on a project-by-project basis. Considering that social value as defined in the Act incorporates social capital, wellbeing, and environmental aspects, such a low weighting seems very difficult to justify. A default weighting of one third would seem more appropriate, leaving the remaining two thirds to cost, quality, and ability to deliver the project.

3. Does the proposed approach risk creating any barriers to particular sizes or types of bidders, including SMEs or VCSEs? How might these risks be mitigated?

No response

4. How can we ensure government's existing procurement policy mandates (for example on levelling the playing field for SMEs) take precedence in designing the procurement?

Implementing government's existing policies effectively and consistently is essential to support SMEs and build trust and confidence that government will deliver on its commitments.

END

Please do not hesitate to contact us for more information on this response.

² <https://www.linkedin.com/pulse/social-value-toolkit-housing-architecture-progress-flora-samuel/>

³ <http://www.constructionleadershipcouncil.co.uk/wp-content/uploads/2018/07/RLB-Procuring-for-Value-18-July-pdf>