The Business Services Association
130 Fleet Street,
London.
EC4A 2BH

BSA Summary: Guidance on PPN 026 – The Social Value Model

Background

The Government has published guidance on using PPN 026: The Social Value Model. The PPN applies from 1 January 2027 to new covered procurements worth £1m or more for in-scope central government contracting authorities.

Please find below some of the key additional detail provided by the guidance. Much of the new guidance reflects points raised by the BSA and BSA members during our meetings with Cabinet Office as well as the subsequent feedback and case studies submitted to Cabinet Office. Thank you to all those who participated in this engagement.

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Registered office as above.

Frameworks and call-offs

Frameworks remain in scope, but the minimum Social Value Model weighting need not be applied when awarding the framework itself. Framework providers must nevertheless include a form of social value assessment when procuring the framework, enabling buyers to evaluate social value explicitly and objectively at call-off—including a 20% weighting for in-scope call-offs worth £5m or more. Framework design should allow proportionate flexibility for buyers with different policy requirements, supported by guidance on applying PPN 026. Competitive call-offs must follow the framework's evaluation procedure.

For call-offs without competition, the framework provider should secure commitments from all suppliers to deliver Social Value Model outcomes; buyers should then agree specific commitments, incorporate them into the call-off contract and monitor delivery. Frameworks procured before 1 January 2027 should use the applicable earlier model: PPN 002 for frameworks procured on or after 24 February 2025, and PPN 06/20 for those procured from 1 January 2021 to 23 February 2025. Dynamic markets require no particular design changes: social value is evaluated through the subsequent competitive flexible procedure.

Early engagement, transparency and consistency

The guidance explicitly states that early engagement gives bidders the best opportunity to understand expectations and submit high-quality tenders. Preliminary market engagement should test proposed outcomes, criteria, sub-criteria, metrics and scoring methodologies, including their relevance, proportionality and potential delivery costs. It can also help suppliers build relationships with Community Programmes. Authorities should select the minimum criteria necessary and avoid modifying the standard criteria unnecessarily, reducing burdens and improving consistency for suppliers. Evaluation criteria, processes and weightings must be transparent, and evaluators must apply the methodology published in the tender documents.

Treaty-state suppliers and subcontractors

Authorities must not apply the Model in ways that discriminate against or deter treaty-state suppliers, including through disproportionate costs or practical obstacles. Requirements dependent on a UK workforce may create barriers where a contract could be delivered overseas. Authorities should consider adapting the question, outcomes, criteria, sub-criteria or metrics—or not applying the Model where necessary to comply with their duties.

The guidance expressly states: "If a supplier proposes to deliver social value via a subcontractor, you cannot require that the subcontractor is a UK supplier or give preferential treatment to a supplier whose subcontractor is based in the UK."

The Social Value Model Question

Suppliers are asked to set out specific, measurable and time-bound commitments to deliver the selected outcome in the relevant area. They can demonstrate support for a Community Programme through a dated commitment letter or explain how their proposal meets the selected criteria, identifies and reaches the target cohort, tailors the offer and engages relevant stakeholders. All responses must include an implementation plan with quantities, milestones and deliverables; arrangements to prepare and support participants; an exit approach that helps participants progress; and plans to publish commitments and performance.

Relevant standard reporting metrics should be used to define commitments. Word limits should be kept as low as practicable without preventing a fair evaluation. Minimum social value weightings are 10% for in-scope contracts worth £1m to below £5m and 20% for those worth £5m or more, subject to the relevant public contract threshold being met.

Evaluation and additionality

Evaluation should normally be qualitative, assessing the credibility of the method statement and implementation plan rather than scoring the quantity offered. Quantified commitments should nevertheless be incorporated into the contract and monitored. Social value must be additional to the core contract requirements, but need not be an entirely new initiative: an existing activity may be expanded where the supplier demonstrates that the expansion results directly from winning the contract, rather than representing activity already offered and delivered for another public contract or wider corporate activity.

Annex A permits consideration of quantitative commitments under criterion 1a for contracts worth £5m or more—for example, jobs or apprenticeships—where this would not create barriers for SMEs, VCSEs or treaty-state suppliers. Authorities must seek legal advice before adopting Annex A's additional measures.

Retention and redeployment

Authorities may consider scoring the retention of jobs or apprenticeships instead of, or alongside, new roles, or recognising the redeployment of existing staff or apprentices onto the contract. This may be relevant where new job creation is unlikely but suppliers already employ people from target cohorts. The approach must be disclosed to bidders and avoid unfairly favouring incumbents, rewarding threatened job losses, double-counting benefits or repeatedly rotating the same small group between contracts.

Authorities should assess whether roles genuinely risk being lost and consider circumstances where technological change makes efficiencies likely. These Annex A measures require legal advice before use.

Inherent social value

The guidance recognises that some organisations, including VCSEs, deliver social value through their normal operating model. This can be recognised in evaluation, provided the benefit is additional to the core specification and meets the published criteria. For example, the societal benefit of delivering a contracted employment-support service cannot itself count as additional social value. However, expanding the employment of care leavers to work on that contract may be scored where it results from the contract award and aligns with the selected criteria. This is also an Annex A measure requiring prior legal advice.

Community Programmes in practice

The forthcoming List of Community Programmes will provide an optional route for delivering place-based social value; suppliers are not required to use it. Commitments should be evidenced through the prescribed letter and incorporated into the contract. Where the example Annex C scoring methodology is used, a supplier supporting a Community Programme and meeting all the Implementation Criteria should receive a minimum score of 6, with further points available for answering other parts of the Model question.

Suppliers must still address questions 3–6 on implementation, participant support, progression and transparency. Where high bid volumes are expected, authorities may agree handling arrangements with programme organisers during market engagement, including dialogue opportunities for interested bidders. **Financial donations are not an acceptable form of social value delivery**.

Direct contract awards

PPN 026 need not be applied to a public contract awarded directly without a competitive tendering procedure. However, authorities should still apply social value where appropriate to the contract.

This clarification is distinct from the arrangements for framework call-offs without competition, where specific outcomes should be agreed with the supplier, documented and monitored.

Standard reporting metrics

Annex B specifies metrics spanning jobs, working conditions, pay and skills. Examples include jobs created by UK region; apprenticeships created or retained by level and region; jobs aligned with Industrial Strategy high-growth sectors; jobs and new entrants supporting critical manufacturing; and SMEs and VCSEs in supply chains. Workforce measures include permanent contracts, flexible working, workplace adjustments, retention of employees with health conditions, participation in wellbeing initiatives, pay above statutory minimums and enhanced sick-pay coverage.

Skills measures include T-Level placements, training programmes and person-hours for current and future workforces, non-apprenticeship opportunities, career guidance hours, high-growth-sector placements, training participation and reported impact in deprived areas, and learner-owned skills "passports". Relevant standard metrics should be used where available, with adaptations or new metrics where needed, including to avoid discrimination against treaty-state suppliers.

Target cohorts and communities

The Model names eight target cohorts: people aged 16–24 not in employment, education or training; people who left education or training in the preceding 12 months; people with long-term health conditions or disabilities; people with Special Educational Needs and Disabilities/neurodiversity; care leavers; people on probation, prison leavers and people in prison where support aims to reduce reoffending; victims of domestic abuse; and veterans. Authorities should use evidence about local needs and barriers to employment to select relevant cohorts and tailor interventions. The guidance also highlights deprived areas, health-related barriers and skills shortages when developing future talent pipelines.

Contract management and quarterly reporting

Winning commitments should be incorporated into the contract, supported by provisions enabling data collection and, where necessary, permission to publish. For contracts worth £5m or more, authorities should set at least one Social Value Model KPI in addition to the three KPIs that may be required under the Procurement Act, and publish it on the Central Digital Platform or elsewhere if necessary. Contract performance notices should report performance at least every 12 months.

Separately, where standard reporting metrics are used, central government departments should submit numerical delivery and social value KPI attainment data to the Cabinet Office each financial quarter. This enables assessment of both the use of Model outcomes and suppliers' delivery against commitments.

Reporting thresholds and performance methodology

Authorities should develop contract-specific reporting thresholds and a methodology for assessing performance. The guidance suggests five ratings: Good, where targets or milestones are met or exceeded; Approaching target, where delivery is close to target; Requires improvement, where delivery is below target or behind schedule; Inadequate, where delivery is significantly below target or behind schedule; and Other, where none of those descriptions applies.

It does not prescribe universal numerical percentage thresholds for these ratings. Measures should remain feasible, proportionate and sufficiently incentivising without imposing excessive reporting burdens. Where KPIs cannot appropriately assess performance, authorities should use performance indicators or other binding contractual terms.