

The Worst Law You've Never Heard Of - an introduction to the Social Value Act 2012

What is the Social Value Act?

The Public Services (Social Value) Act is one of the most anti-competitive and anti-SME laws in living memory. Intended to align public procurement towards improving social and environmental outcomes and reducing economic inequality, the Act was conceived with the best of intentions. Distressingly, it suffers from a range of serious shortcomings. The Act:

- Incentivises businesses to waste billions of pounds on projects that deliver dubious 'social value' — a subjective, nebulous, and ill-defined term
- Freezes smaller businesses out of public sector contracts by introducing insane amounts of cost and complexity into the procurement process.
- Seriously damages competition by favouring large enterprises which have the expertise, money and resources to deal with the huge volume of bureaucratic box-ticking required to demonstrate 'social value' of their bids

A Blizzard of Bureaucracy

Under the Social Value Act (SVA) every business bidding for government contracts must comply with the Social Value Model, a 31-page list of criteria and regulations (and a further 32 pages of notes) for evaluating 'social value' — regardless of their size or circumstance. The cost of demonstrating social value typically runs to the tens of thousands of pounds per company.

Killing Competition

Large enterprises have ample human and financial resources to deal with the layers of bureaucracy imposed by the SVA, or can outsource this work to 'Social Value' consultants. These options are typically far out of SMEs' reach, yet the Act makes no allowance for these disadvantages. The SVA destroys smaller businesses' ability to compete on a level playing field. The only winners are big businesses and the consultancy industry that serves them.

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If one's aim were to waste as much taxpayers' money as possible while doing maximum damage to SMEs, it would be difficult to imagine a more effective means than the Social Value Act. The Campaign for Fair Procurement is forming a coalition of entrepreneurs, small business owners, and buyers to bring the Social Value Act to the attention of pro-business, pro-competition parliamentarians. Our objective is for legislators to review and, if necessary, repeal the Act, and replace it with clear, sensible and above all *fair* procurement rules. For over a decade, this invidious piece of legislation has lain on the statute book, unexamined and forgotten by legislators while inflicting misery and mayhem on small businesses. It's long past time the Act received the sunlight and scrutiny it deserves.