



Procurement Policy Note 026

The Social Value Model

August 2026

Introduction

1. This Government wants every pound spent on public procurement to support British businesses, boost growth and help build a fairer economy so that people around the UK feel the full impact of this investment in their local communities.
2. To achieve this, social value for central government contracts is defined as ***'taking account of how a supplier will work for our communities to provide good British jobs, skills and opportunities in every postcode.'***
3. Including social value outcomes in procurement ensures suppliers deliver the good quality jobs, skills, and opportunities needed by our communities and those in most need, and drives up growth and productivity across the country.

Dissemination and scope

4. This Procurement Policy Note (PPN) applies only to central government departments, their executive agencies and non-departmental public bodies. Such bodies are referred to as 'in-scope organisations'. Other public sector contracting authorities may wish to adopt the approach set out in this PPN.
5. It applies only to covered procurements valued at £1m total contract value inclusive of VAT¹ or above, commenced under the Procurement Act 2023 (PA23). This PPN does not apply to private utilities contracts².
6. For the establishment of framework contracts, social value should be assessed at framework and call-off, in accordance with the PPN 026 guidance which will be published in autumn 2026³.
7. This PPN does not apply to the procurement of contracts where the primary purpose is overseas delivery (e.g. for embassies).
8. This PPN should be applied across all stages of the commercial lifecycle and applies to all in-scope procurements where a model award criteria can be selected which is relevant to the subject matter of the contract, proportionate, does not create unnecessary burdens for suppliers or barriers to participation,

¹ Valued in accordance with section 4 of, and Schedule 3 to, PA23.

² Utilities contracts as defined in sections 2 and 6 of PA23.

³ For social value to be assessed as part of a call-off, it must also have been assessed at the framework agreement level to satisfy section 46(8) of the Procurement Act 2023.

and does not discriminate against treaty state suppliers⁴. Contracting authorities must continue to comply with all requirements relating to award criteria.

9. This PPN and accompanying guidance should be circulated within your organisation, particularly to those with a commercial, procurement, contract management and/or security role. It may also be relevant to those in finance, operational and sustainability roles.

Timing

10. In-scope organisations should apply the provisions of this PPN to procurements commenced on or after 1 January 2027. A procurement is considered to have commenced at the point at which a tender notice is published.
11. For procurements commenced under PA23 prior to this date, in-scope organisations are encouraged to transition to this edition of the Social Value Model but may apply the previous edition during this transition period if using the new model would require disproportionate resources or invalidate previous market engagement activities.
12. Associated guidance will follow in autumn 2026.

Action

13. In-scope organisations should apply this PPN as follows:
 - select a relevant delivery outcome from the model in **Annex A** with its corresponding award criteria (and sub-criteria to be set out in future guidance) and include it in the tender documents, attaching details of any available and relevant community programmes from the corresponding section in the 'Resource for bidders: List of Community Programmes' published alongside the PPN guidance.
 - for contracts valued at £1m and above, but less than £5m, apply a **minimum 10% weighting** (or equivalent measurement), and for contracts valued at £5m or above, apply a **minimum 20% weighting** (or equivalent measurement), of the total score that may be given to tenders, to the criteria set out in the social value model. Where absolute methodologies are used (such as Price per Quality Point (PQP) or Value for Money index), this will be either 10% or 20% of the non-price criteria (overall quality score).
 - assess received bids and apply the relevant evaluation methodology to both community programme and non-community programme outcomes, as set out in the guidance.
14. In-scope organisations must take these steps in accordance with their obligations under the Procurement Act 2023, in particular ensuring that any award criteria relate to the subject-matter of the contract and are a proportionate means of assessing tenders (see section 23(2)(a) and (d) respectively), ensuring that they treat suppliers equally (as set out at section 12(2) and (3) and not discriminating against suppliers who benefit from the UK's free trade agreements

⁴ As set out in section 23 and section 90 of PA23.

(see section 90).

15. In-scope organisations should ensure commercial, procurement and contract management staff undertake relevant training to apply this policy correctly, including reading the accompanying guidance. The guidance also provides information on social value eLearning, training available at the Government Commercial College and Cabinet Office 'Community of Practice' sessions.
16. In scope organisations should ensure that all social value commitments made by suppliers during the procurement process are appropriately monitored and measured via contractual mechanisms, e.g Key Performance Indicators (KPIs), which are communicated to contract managers. Where suppliers offer to support something from the List of Community Programmes, the KPI should monitor delivery of this programme.
17. For contracts with an estimated contract value of £5 million or more (including VAT, valued in accordance with section 4 of, and Schedule 3 to, PA23), at least one social value KPI should be set. This should be in addition to the three or more KPIs set in accordance with section 52(1) of PA23. Section 52(3) of PA23 requires that all KPIs are published on the central digital platform and reported on at least once every 12 months via the contract performance notice, in addition to the requirement set out at s71 of PA23 and regulation 39 of the Procurement Regulations 2024. If for any reason this does not apply, arrangements should be made to publish the KPI elsewhere.
18. Evidence of poor performance against social value KPIs can be taken into account in considering whether there are grounds to exclude suppliers from bidding for future tenders.

Background

19. The government aims to put local communities at the heart of procurement decisions, leverage government expenditure to benefit communities, and support economic growth. This is being achieved by taking into account the additional benefits that suppliers deliver through the way that they perform the contract and by streamlining the social value model to focus on the good jobs, skills, and opportunities for those facing barriers to employment within local communities.

Contact

20. Enquiries about this PPN should be directed to the helpdesk (0345 410 2222, info@gca.gov.uk).

Annexes

Annex A: PPN 026: The Social Value Model

ANNEX A: PPN 026: The Social Value Model

Outcome 1: Good jobs offering fair pay and good working conditions, helping people to get a job, stay in work, and progress in their careers, with good employment opportunities across the country.

Community Objective	Model Award Criteria (MAC)	Summary
Promote economic security, innovation, and good jobs in our communities in support of the Government's economic growth objectives.	1a. Create and/or retain high quality jobs	Contracting authorities will take into account, bearing mind market characteristics, whether opportunities to meet Labour Market Strategy objectives will be met through the delivery of the contract and will award points to suppliers who: • create or retain jobs in the relevant area to meet economic growth objectives; • adapt their recruitment and retention procedures to help communities access, obtain and retain jobs and address relevant skills shortages • create jobs in innovative, high-growth sectors
Promote the wellbeing of workers in the contract workforce in support of the Government's Plan to Make Work Pay objectives.	1b. Fair working conditions	Contracting authorities will take into account the quality and security of the working conditions to be provided during the delivery of the contract and will award points to suppliers who • offer more than the statutory minimum requirement • support those facing barriers or challenges in performing their duties and staying in work. This can include, but not be limited to: access to trade union representation, flexible working arrangements, promoting a positive workplace culture, and promoting a healthy workforce and thereby promoting productivity.
Promoting the financial wellbeing of the contract workforce, such as consistent and fair pay, in support of the Government's objectives set out in the Plan to Make Work Pay.	1c. Fair pay	Contracting authorities will take into account the quality of the contract workforce's pay package, and will award points to those suppliers who: • go further than the statutory national minimum wage • reward and retain staff through progressive remuneration policies

Outcome 2: Skills: activities to address skills shortages, promoting skills development opportunities particularly to those who face barriers to employment or struggle to engage in the labour market

Government Objective	Model Award Criteria (MAC)	Summary
Provide communities with opportunities to identify skills gaps and develop the skills necessary to (re)join the contract workforce, in support of the Government's Labour Market and Skills Strategies.	2a. Training / Retraining	Contracting authorities will take into account the extent to which training or retraining opportunities address skills shortages and/or support people from areas of multiple deprivation and/or facing barriers to employment, and will award points to those suppliers who: • address skills shortages, particularly in industries with known skills shortages or high growth areas and/or in industries where skills needs are changing • co-design solutions with the relevant community or cohort (or appropriate anchor institutions or representatives) to meet the identified need • promote opportunities that are recognised as supporting the local community and/or the cohort to gain the skills needed to enter the workforce and stay in work. Illustrative examples include apprenticeships, work placements or workplace adaptations.
	2b. In-work progression	Contracting authorities will take into account the extent to which suppliers help people to move into higher paid work by developing and providing new skills training or providing retraining opportunities, and will award points to those suppliers who: • demonstrate how they will promote such opportunities for the contract workforce to progress their careers • demonstrate how such actions will improve staff retention and service quality and consistency.
	2c. Talent Pipeline	Contracting authorities will take into account the extent to which suppliers create a pipeline to fulfil future contract workforce needs and address skills shortages and will award points to suppliers who: • identify pipeline potential in communities, particularly where there are multiple indices of deprivation • work with those communities to co-design opportunities which address barriers to entry for young people and to employment by facilitating access to pre-work training, placements, apprenticeships and other educational and developmental opportunities • For example, 45 days of work experience is exactly the kind of social value the Prime Minister is seeking to see delivered through this policy. • demonstrate the development of skills for innovative, high-growth sectors. .

Notes

The revised Social Value Model will prioritise British jobs, skills, and opportunities for people facing barriers to employment within our local communities. It is split into two outcomes with six award criteria to be used in procurements of major contracts:

Outcome 1 Good Jobs: good employment opportunities in every postcode;

Outcome 2 Skills: learning and development activities to address skills needs and shortages such as apprenticeships and work placements.

This model will be accompanied in the future by detailed sub-criteria and practitioner guidance to reinforce the community focus of the model and to help in-scope organisations understand how to apply the model in practice (i.e. how to select outcomes and criteria, evaluate responses and apply metrics to measure performance). Cabinet Office will also develop guidance to support procurement teams intending to take into account existing, inherent social value (e.g the wider community benefits of retaining local jobs).

Target Cohorts which will be included in future guidance:

- those not in employment, education or training (NEETs);
- those transitioning from education to employment;
- those with a long term health condition or disability;
- care leavers
- other communities that face barriers to employment to be set out in supporting guidance to be published in autumn 2026.

Target Skills will be identified from skills shortages set out in government skills strategies (e.g. skills for clean energy jobs is an example that in-scope organisations could consider)

SMEs/VCSEs: In-scope organisations should research market conditions including whether there are small and medium enterprises (SMEs) and voluntary, community and social enterprises (VCSEs) and/or if the procurement is likely to attract international bidders, before selecting the appropriate model award criteria (MAC) to apply to their procurements. This ensures all organisations, including SMEs and VCSEs, and treaty-state suppliers can meet the criteria.