

# **Social outcomes contracting and public procurement in various EU Member States - Summary of answers to the questionnaire**

Pekka Alahuhta, Eriika Autio, Kirsi-Marja Halonen,  
Anna Kuusniemi-Laine, Mika Pyykkö, Anna Tonteri

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# Questionnaire was sent

- European Commission Stakeholder Experts Group on Public Procurement (SEGPP)
- European Procurement Law Group (an academic procurement law specialists network covering 12 Member States)
- European expert group of public procurement (EXPP)
- European network of central purchasing bodies
- European members of Global Steering Group for Impact Investment

# Answers and respondents

20 responses from 14 EU Member States, Norway and Social Finance UK

1. Denmark
2. Finland
3. France
4. Germany
5. Hungary
6. Ireland
7. Italy
8. Latvia
9. Lithuania
10. Malta
11. the Netherlands
12. Poland
13. United Kingdom
14. Sweden
15. Norway

Respondents (n):

- 6 members of the Commission stakeholder expert group on public procurement
- 4 European Procurement Law Group
- 1 Central Purchasing Bodies Network

Sectors represented (n):

- 6 Academia
- 7 Private
- 5 Public national
- 3 Public local
- 1 Civil society organization
- 1 Intergovernmental organization



A general comment to the quality of the answers:

*Most answers concerned social outcomes contracting, but some focused on the use of social or environmental criteria in public procurement in general.*

# Is social outcomes contracting a generally well known concept?

- The use of social outcomes contracting is not widespread in any of the countries
  - The UK clearly most advanced in this respect as the term social outcomes contracting is well-known and the model is used fairly often.
- In some countries the term is known to procurement professionals and there are a several examples of social outcomes contracting or social outcomes contracting has been identified as a fast-evolving policy area.
- In most countries the term social outcomes contracting is not generally known even among public procurement professionals although there may be individual examples of such contracts.



# **Examples of desired outcomes defined by contracting entities in existing projects**

## **Social outcomes**

- Employment of disadvantaged groups
- Improving welfare of children
- Prevention social exclusion of youth
- Improving social housing
- Improving accessibility of healthcare

## **Environmental outcomes**

- Lowering of carbon emissions
- Promoting circular economy

## **Varied practices in measuring results**

- By the contracting authority
- By an independent third party

# Procurement procedures



## General observations

- A major part of the projects mentioned concern services under the light touch regime under the EU Procurement Directives.
- All type of contracts and entities have been involved – ranging from framework agreements to individual procurement contracts by central purchasing bodies and single contracting authorities.
- Different contract award procedures have been used.

# Factors encouraging contracting authorities to use social outcomes contracting

## Legal & expertise

- Legislation (UK Social Value Act)
- The possibility to use reserved contracts under the EU Public Procurement Directive
- Ability of public procurement professionals to implement flexible approaches
- Push from the private sector , especially social enterprises and other impact-driven businesses

## Political & funding

- Political agenda and strategy of the (regional) authority
- The availability of outcomes funds (UK)

## Societal and economic problems and need for change as such

- Social problems such as unemployment and challenges related to social exclusion
- Environmental problems and ambitions related to sustainability and fighting climate change
- Increased financial pressure of the public sector

# Factors hindering or delaying the use of social outcomes contracting

## Legal & expertise

- Legal uncertainty and lack of standard methodology and guidance on the use of social criteria in public procurement
- Lack of expertise, experience, templates and best practices
- Fear of higher risk for challenges by unsuccessful tenderers
- Difficulties in creating models to measure results

## Political & funding

- Lack of strategy for social outcomes contracting
- Lack of support and funding from the central government
- Lack of resources for the procurement function combined with increased transaction costs for the procurement procedure
- Siloed budgets
- Political pressure to focus on the agenda of the day rather than to think long-term



# Changes needed to introduce or increase the volume of social outcomes contracting

## - Legal

- Guidance (including update of the European Commission's 2011 Buying Social Guide), model clauses, templates and training
- Sharing of best practices and showing the gained impact

## - Political

- Support from the central/regional government
  - Encouraging a culture of experimentation
  - More funding for contracting authorities (e.g. outcome funds mentioned)

- A top-down and bottom-up approach to the change would be required as well as involvement of all parties (the European Commission, Ministries, regional and local authorities, public procurement specialists, central purchasing bodies, associations, economic operators)

# In which fields would social outcomes contracting bring added value?

## **Social services**

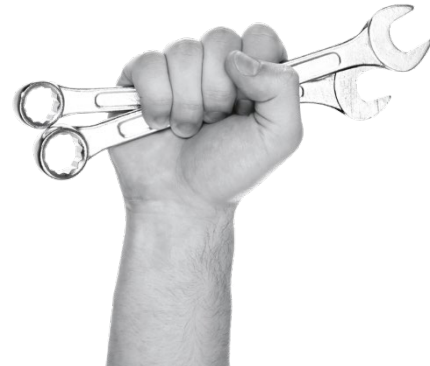
- Employment of disadvantaged groups
- Improving social inclusion (e.g. young people, immigrants)
- Improving social housing
- New models for healthcare and social services

## **Innovation**

- Innovative digital services

## **Environmental issues and infrastructure**

- Sustainable solutions
- Protecting the environment
- Sustainable construction and infrastructure
- Energy
- Transport









# Conclusions

1. Experts who know the concept see the potential of social outcomes contracting.
2. Concept not yet widely known yet.
3. The possibilities are currently not utilized due to legal uncertainty and lack expertise as well as lack of political support and funding.
4. There is a growing interest and need for social outcomes contracting.



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