Discussion points

1. Why both public and private sector organisations are being asked to achieve “social value” through procurement and supply chain management

2. Public Services (Social Value Act) 2012

3. Practical steps to achieve outputs and outcomes that generate social value
Drivers to stimulate “social value”

Public Services (Social Value) Act 2012

S 106 planning obligations

Client requirement

CSR / Reputation “Right thing to do”

Financial Business Case
Public Services (Social Value) Act 2012: Background

✓ Private Members Bill with cross-party support

✓ Initially focused on stimulating trade with social enterprise – remit expanded and changed

✓ Applies to public services contract or framework agreements to which the Public Contracts Regulations 2006 apply - above EU Threshold
Social Value Act 2012: Requirements

✓ Consideration of the economic, environmental and social benefits of an approach to procurement, to a relevant geographical area – to help achieve maximum value from public spend

✓ Consideration of consultation with internal and external stakeholders at “pre-market” stage

✓ Identification of potential social, economic and environmental impacts
Social Value Act 2012: Impact

- Enhances opportunities relating to other legislation
- Raising profile of “social value” and increasing understanding
- Enabled public bodies to stimulate “social value” through procurement – without incurring additional risk and cost – and so encourage others to do so
Examples of “social value” outputs & outcomes

Living Wage
Diversity & inclusion
Labour standards

Jobs
Support for young people

Improved economic opportunity

Apprenticeships & skills

Health & wellbeing
Volunteering pro bono £ to charity

“Local”, SME and ‘diverse’ suppliers
Harrow Council: Housing Responsive Repairs & Maintenance Service

- Supply value chain analysis and pre-market engagement resulted in going to market with 4 lots
  - 1 lot won by a small, local firm
  - 1 lot won by a medium firm based in neighbouring authority
  - 2 lots won by a national firm
- Customer satisfaction in excess of 95% (target = 90%)
- Targets being exceeded for jobs completed “right first time”
- 15% savings on prices paid under previous [single] contract
- Apprenticeships, local jobs and local spend generated
- Happy residents!
Network Rail Thameslink Programme

1. Promoting inclusion in recruitment and workforce management
2. Greening the urban environment
4. London Bridge Station Redevelopment (2013 to 2018)
   • 30 previously unemployed people into work to date
   • 27 new apprentices started to date, including;
     • a procurement apprentice
     • new programme of railway apprenticeships
   • CITB-funded Construction Skills Academy established
   • Useful short courses being delivered (Traffic Marshalling, CSCS etc)
Crossrail

1. Suppliers
   • 1700 businesses have secured work 42% SME & 62% outside London

2. Sustainability
   • Constructing Better Health scheme
   • Considering use of SEDEX and ETI

3. Community Investment Programme

4. Jobs & skills
   • Tunnelling & Underground Construction Academy; training for 3,500 people
   • 260 apprentices already
   • 1858 vacancies via Jobs Brokerage Service
Implementing the Act (word or ‘spirit’)

Plan: Business Case Pre-market

- Warn, warm and consult the market and other stakeholders
- Identify social, economic and environmental opportunities related to contract delivery
Implementing the Act (word or ‘spirit’)

Do: Procurement

- Social, economic and environmental opportunities as requirements within the specification
- Clear, output / outcome based specifications.
- Ask bidders to produce SMART action plans to achieve requirements including proposing outputs (e.g. apprenticeships)
- Promote to appropriate suppliers, regardless of size or ownership
- Make bureaucracy of bidding, and minimum requirements, appropriate to risk and value of contract
Implementing the Act (word or ‘spirit’)

**Implementation: Contract Award**

- Include scores for SMART action plans in award decision-making
- Meet with the successful bidder and plan with them how they will implement their SMART action plans
Implementing the Act (word or ‘spirit’)

Review: Business as Usual

Contract management

• Define, collect and analyse performance data relating to social, economic and environmental outputs
• Collect and analyse qualitative information on progress
• Work with provider to achieve continuous improvement
• Report social value outputs
Taking a strategic approach...

British Standard in Sustainable Procurement: BS 8903

ISO coming soon...
Where contracts have already been awarded...

- Variation / amendment to contract
- Voluntary agreement to comply with client policy
- Charter
- ... not as powerful as integrating into a procurement process
Glasgow’s Emirates Stadium & Chris Hoy Velodrome

- Value of tenders awarded to:
  - SMEs - £24.9m
  - local SMEs and Ses - £6.4m
- 57 apprenticeships
- 182 new entrants to construction industry
- 300 person weeks of work placements
- Estimated savings to central government from Job Seekers Allowance alone = £654,500

Data & picture: Sir Robert McAlpine
Tri-borough Leisure & Library Services

• Brent, Ealing & Harrow Councils £30m savings over 10 years
• £ms upgrade to facilities and services
• “Target group gyms” and inclusive activity to improve health outcomes in ‘hard to reach’ groups
• Local jobs, apprenticeships, work placements and supply chain development

Photos: Harrow Times
<table>
<thead>
<tr>
<th>Organization</th>
<th>Programme/Service</th>
<th>Social Value outputs and outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham City Council &amp; Carillion</td>
<td>Green Deal Programme</td>
<td>Local SMEs and VCSEs in supply chain, investment in green energy facilities, engaging schools and young people in energy efficiency</td>
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<tr>
<td>Environment Agency &amp; Skill Mill Ltd</td>
<td>River Management</td>
<td>Rehabilitation opportunities for young offenders – reoffending rates down to 36% (from 52% national average)</td>
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<tr>
<td>Gateshead Council</td>
<td>Support for troubled families framework</td>
<td>Capacity build local VCS, family mentor volunteering programme, opportunities for volunteers to progress into employment</td>
</tr>
<tr>
<td>Oldham Council &amp; Barclays</td>
<td>Banking Services</td>
<td>New apprenticeships, work with local schools and colleges to develop employability and money management skills</td>
</tr>
<tr>
<td>Islington Council</td>
<td><em>All contracts</em></td>
<td>98% of suppliers now paying London Living Wage</td>
</tr>
</tbody>
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Lessons Learnt

✓ Ask early for social value and be realistic – listen to the ideas of the market

✓ Ask for – and measure it – or you don’t get it

✓ Social value can be delivered as part of core delivery, alongside cost savings
Thank you

... let’s discuss...

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