

EMBEDDING SOCIAL VALUE IN CENTRAL GOVERNMENT SPENDING



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#NSVC20

EMBEDDING SOCIAL VALUE IN CENTRAL GOVERNMENT SPENDING



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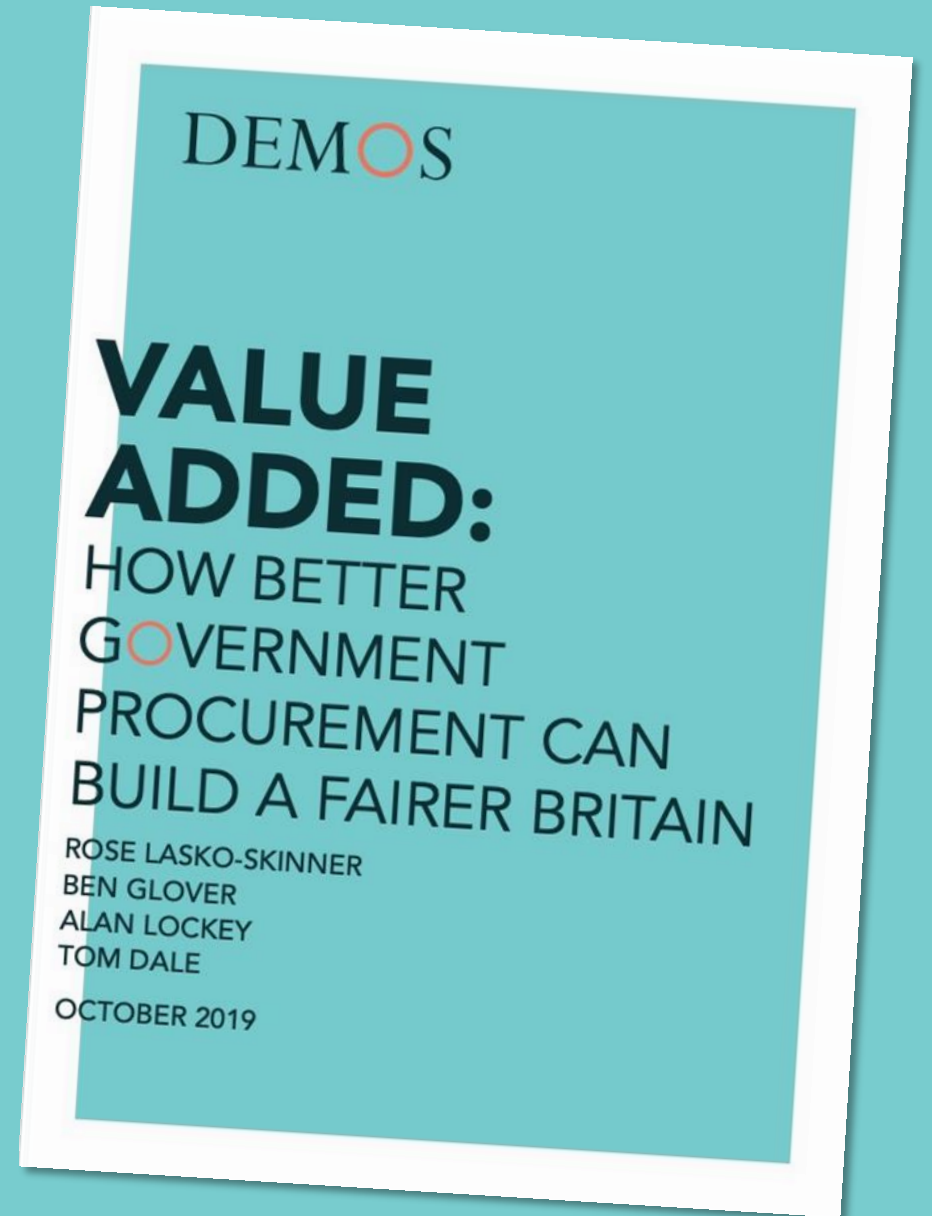
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#NSVC20

How to use Public Procurement to Build a Fairer Britain

Rose Lasko-Skinner & Ben Glover

DEMOS



Why Demos?

We listen to
people, from all
walks of life

We're
authentically
cross-party

We innovate and
look forward

Why Procurement?

Longstanding
champion of social
value.

Procurement
underutilised as
means to buy
positive economic
change.

Potential for cross-
party support.

The government could more effectively 'buy economic change' by more deeply embedding social value into the procurement process for the provision of goods, works and services.

13%

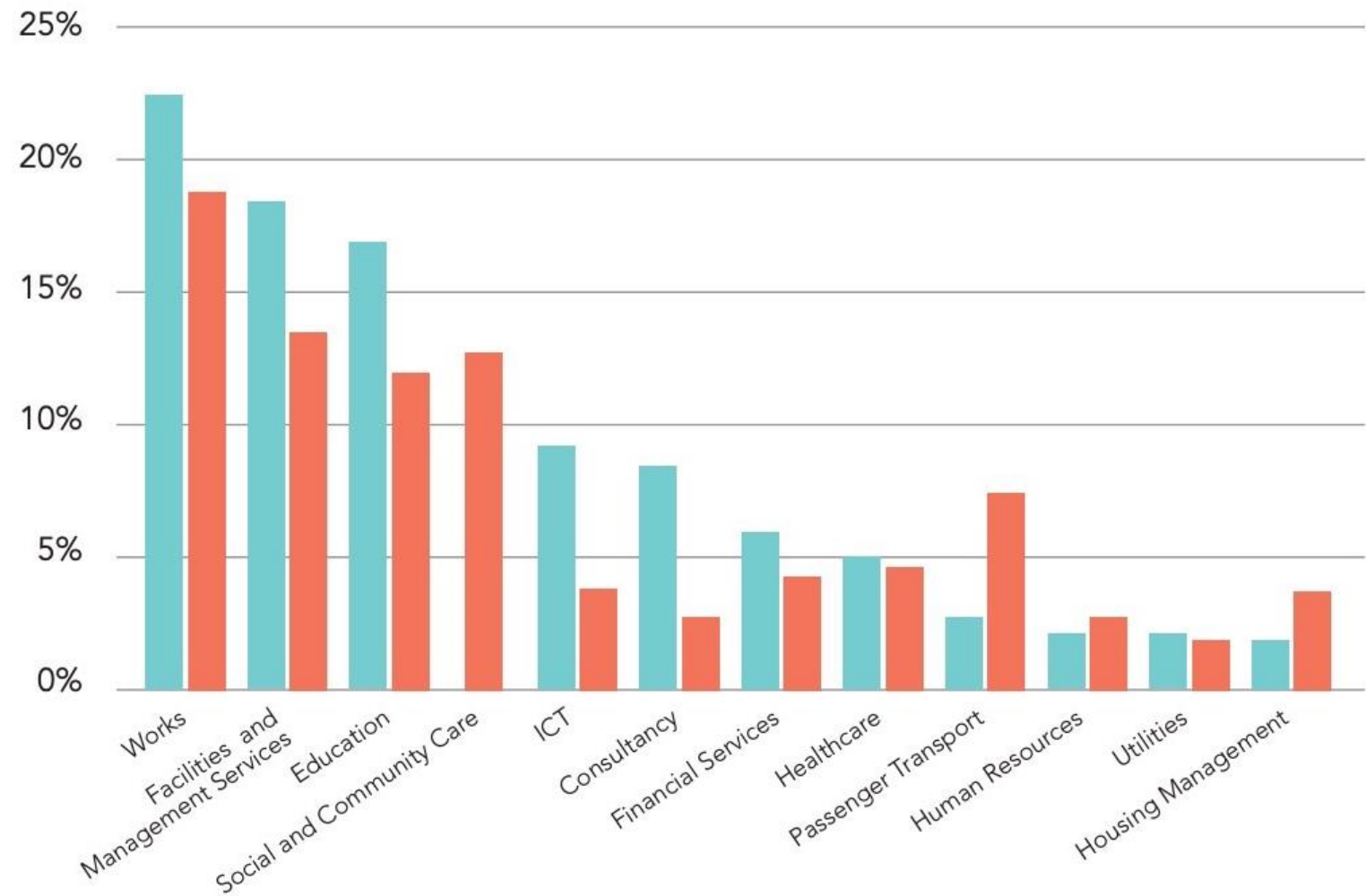
GDP

What is the public sector procuring?

CENTRAL



LOCAL



Source: Spend Network, 2019

A 'mission-led' approach to procurement could be used by central government to respond to a range of national challenges including tackling in-work poverty, reducing carbon emissions and clamping down on aggressive tax avoidance.

Case study example

CO² Performance Ladder The Netherlands



Social value legislation remains
underutilised by procurement teams
and procurement policy
uncoordinated across government.

73.5%

of strategic suppliers in 2017/8 had operations in tax havens.

There is a lack of transparency and accountability in public procurement.

39%

of tenders were published on Contracts Finder in 2018.

Source: Spend Network, 2019

Despite efforts, public procurement
markets remain relatively uncompetitive.

18%

of market dominated by the 25 strategic suppliers.

Source: Spend Network and Open Opps, 2019

Recommendations

1

Government should establish priority social value standards.

Recommendations

2

Central government departments should include '**social value bare minimum standards**' that are pass or fail in the pre-qualification criteria.

Procurement Process

Set specifications
and evaluation
criteria

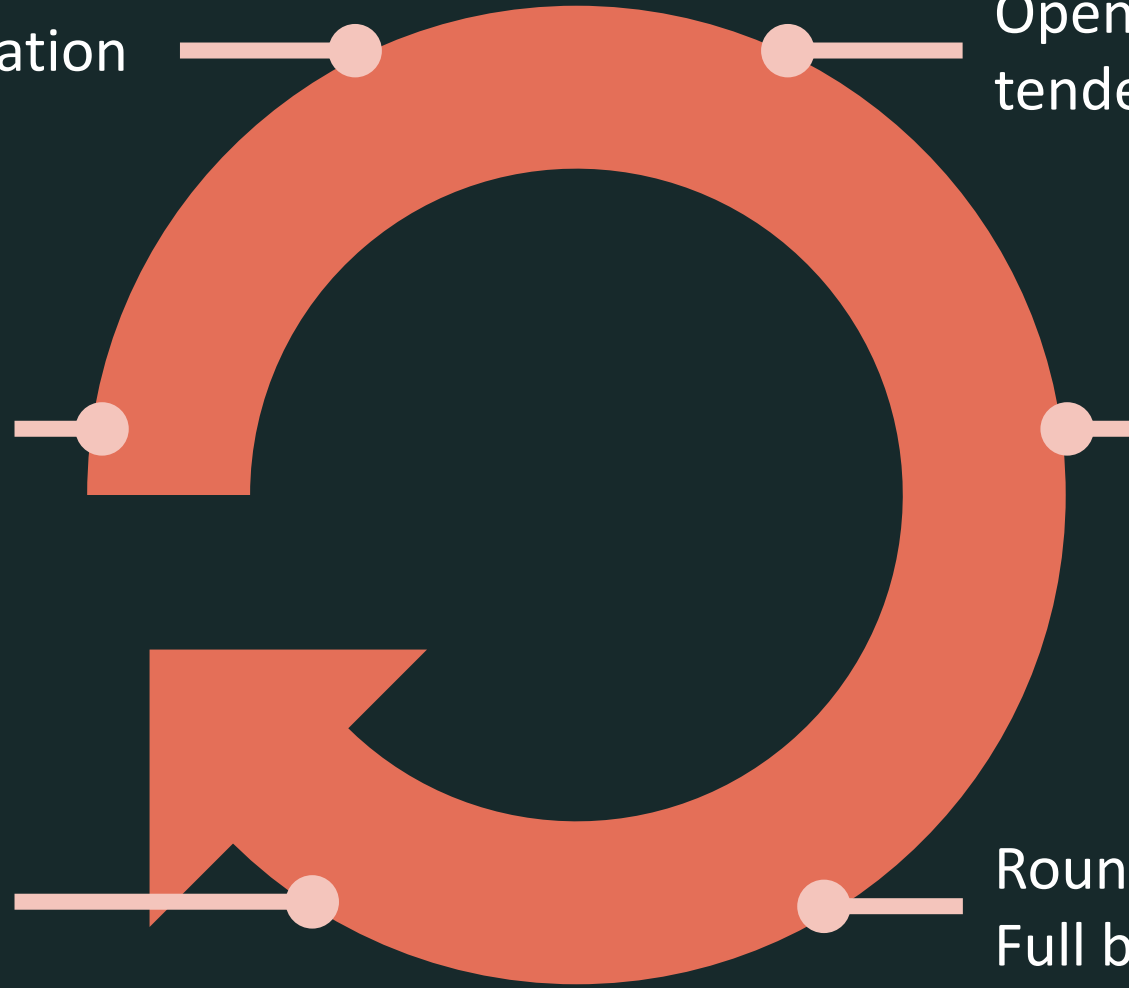
Develop
contract

Award
contract

Open invitations for
tender

Round 1:
Pass or fail

Round 2:
Full bid evaluated



A more transparent procurement market can help contracting authorities procure better, and make markets more competitive. Current standards need more teeth.

Recommendations

3

The NAO should create an annual 'league table' ranking departments transparency, with the bottom three departments having to make an oral statement to the House.

1

Government should establish priority social value standards.

2

Central government departments should include social value bare minimum standards that are pass or fail in the pre-qualification criteria.

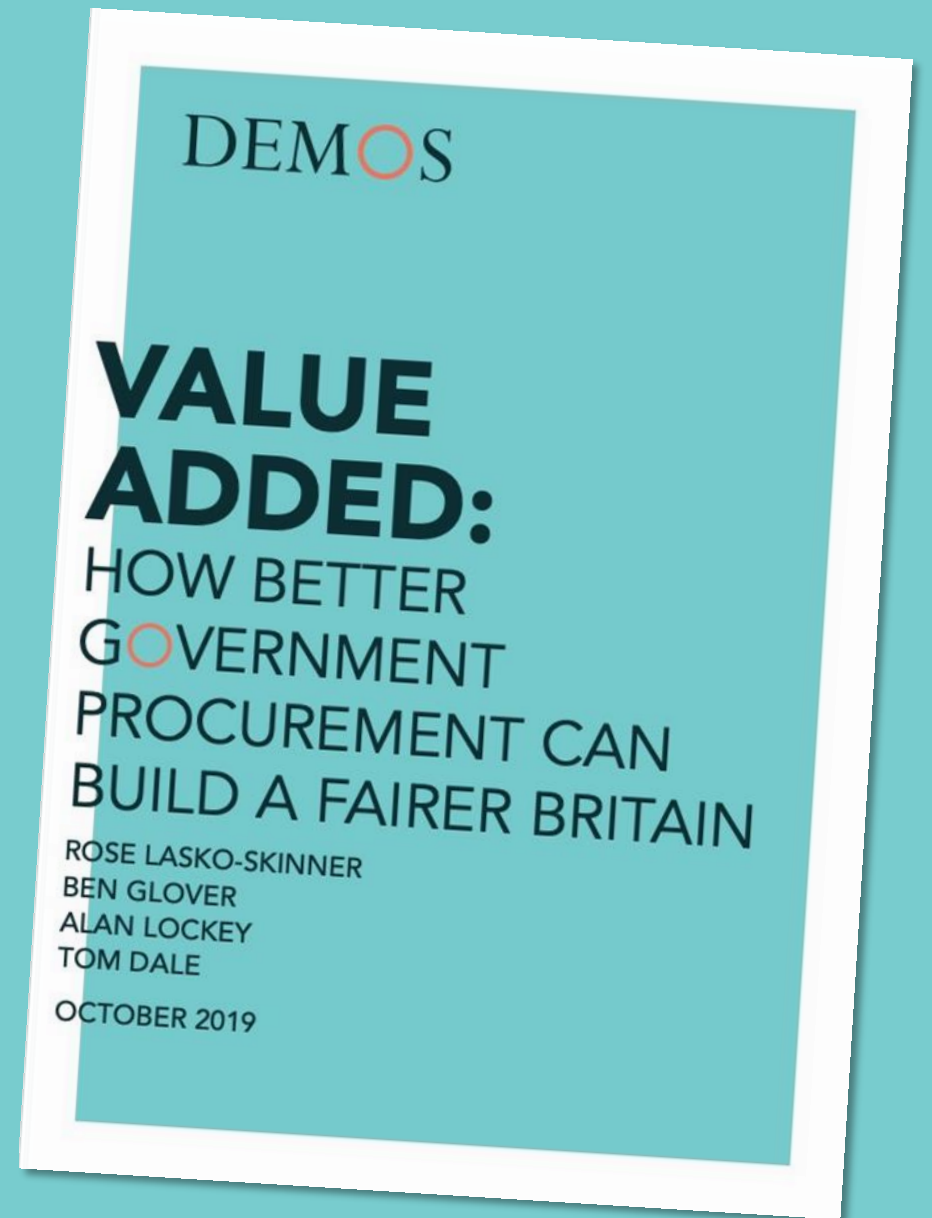
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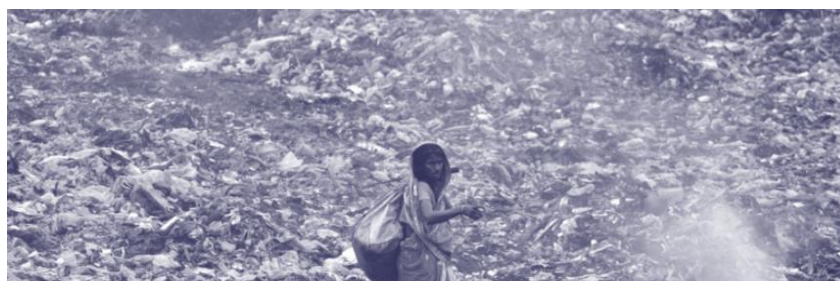
The NAO should conduct an annual 'league table' ranking of departments, with the bottom three departments having to make an oral statement to the House.

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DEMOS

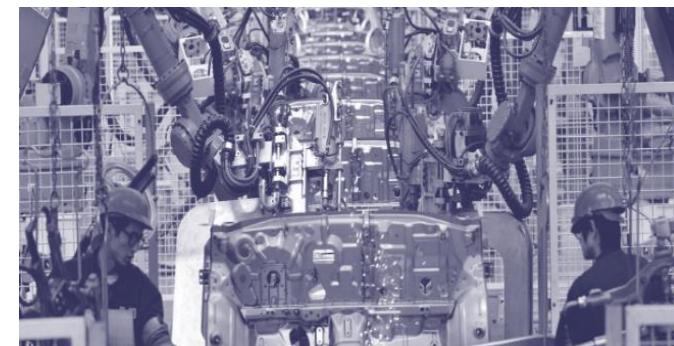




Embedding Social Value in Government spending

National Social Value Conference, January 2020

Angela Halliday, Director Social Impact UK&I



Valuing our Quality of Life Services — *Core to our mission since 1966*



It's part of our DNA



Impact = QoL services

Respond effectively to **Government Procurement Strategy**

Demonstrate effective use of **public monies**

Target & engage **Communities & SMEs/VCSEs**; focusing on “**what matters**”

Value Propositions – Clients, Employees, Communities, Society

Create Change – deepen our approach / impact

Sodexo's priority will be to articulate added value, gather insight, record, measure and publish social accounts and evidence – hold ourselves to account!

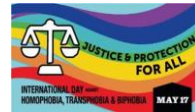
Our 'Social Value Toolbox'

Some examples

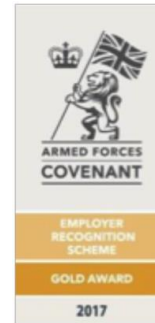
Personal & Home Services



We deliver social value through our **Quality of Life Services** — through our people, articulating, evidencing and celebrating their achievements



On-Site Services



SME Inclusion Programme

Consistently capture and report social value activities



Build on 4 Ethical Principles:
Business Integrity
Loyalty
Transparency
Respect for people



Benefits & Rewards



Social Value Toolbox – key drivers



- Our **ethical manifesto** helps us identify key public service areas and initiatives that we promise to commit to, measure and report on (x18) - ***focuses on social as well as commercial aspects of contracts***

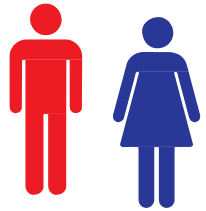
Copy in your Conference Packs

Our **corporate responsibility roadmap**, called Better Tomorrow 2025. It gives us, and all those we work with, a shared focus on our future.

We identified nine commitments and clear objectives for 2025 to guide our roadmap, in accordance with the **United Nations Sustainable Development Goals (SDGs)**.



Our 2018 Impact.....



Our overall median
gender pay gap is
13.3%



Women
represent **36%** of
our senior
management in the UK



Achieved **Leader
Status** in the
Government's
Disability Confident Scheme,



41
Trainees with a
disability secured
work in our
Healthcare segment



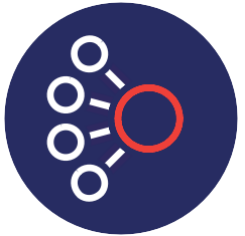
**stop
hunger**

575,000 beneficiaries
impacted – Donations &
Volunteering across the UK I

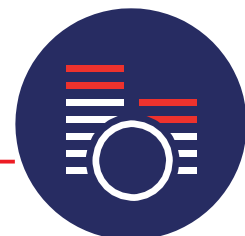


44% reduction in
**carbon
emissions**
since 2011

We now pay our
SMEs within **30
days**



35%
of our purchasing
spend is with SMEs –
all contracts



How can we focus on areas
that are being left behind?

EXTRACT: *Sodexo Case Study*

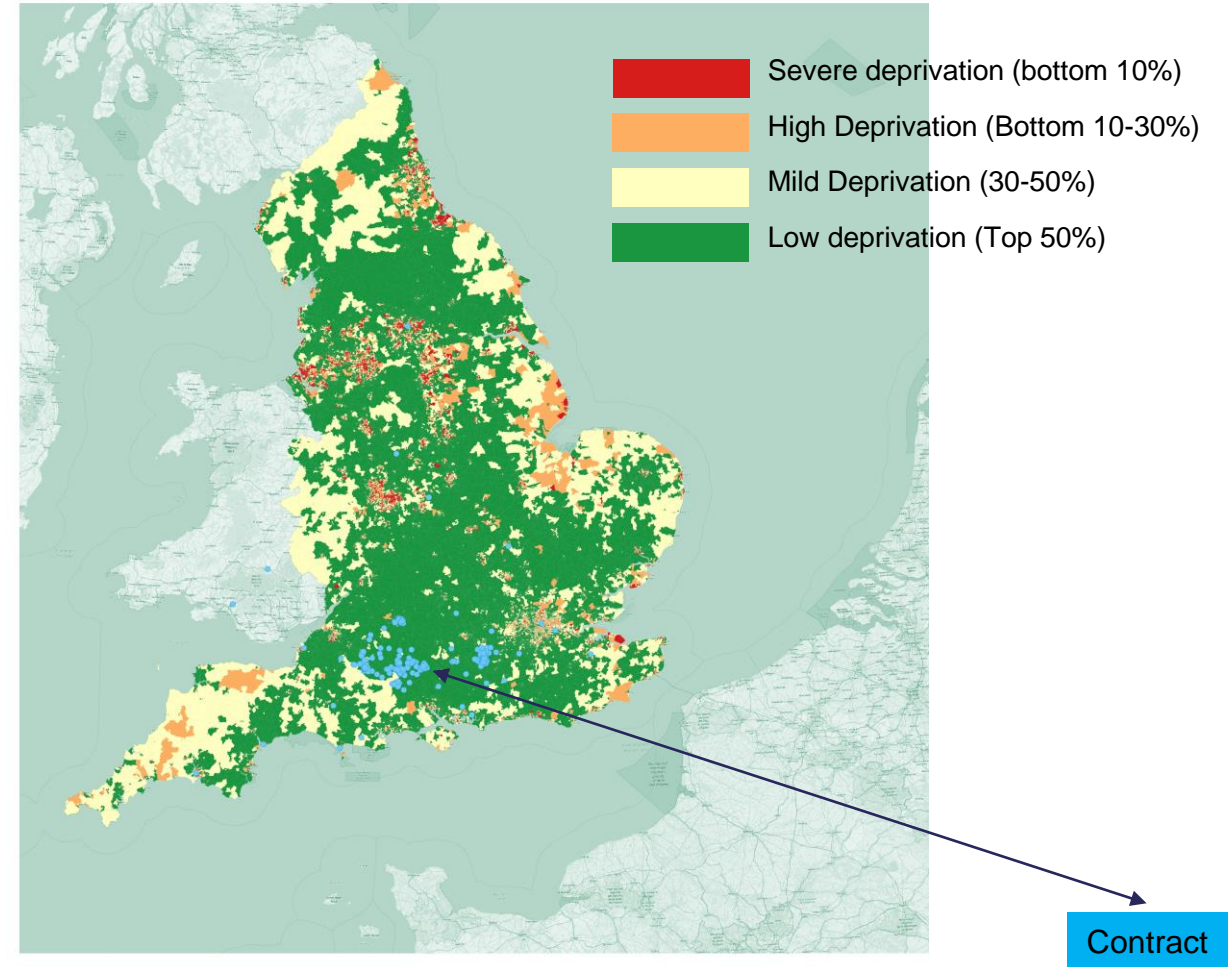


Supporting people who have been 'left behind' or from deprived areas – Allenby Connaught (MoD) Contract

We applied ONS data to identify areas of multiple deprivation across the UK

Key observations

- IMD Data allowed us to identify areas that needs most support
- Ability to prioritise job creation areas
- Helps to differentiate contracts, and prioritise activities



Allenby Connaught
Employee postcodes and areas of Deprivation

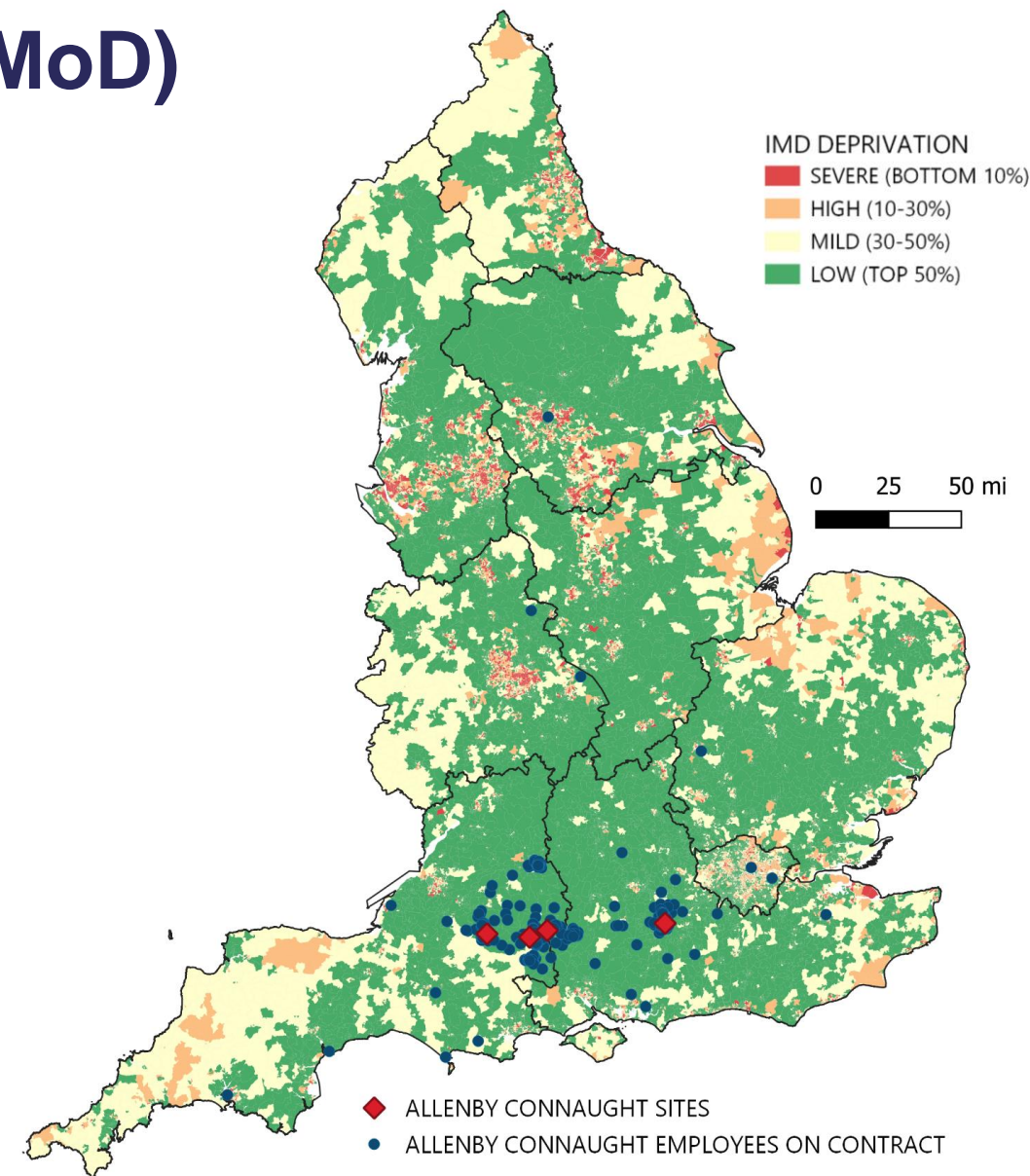
Case Study – Allenby Connaught (MoD)

Jobs Mapping

1,621 postcodes mapped in total

National Deprivation	Allenby Connaught Employee Deprivation	National LSOA Deprivation
Severe deprivation	1.85%	10%
High Deprivation	9.44%	20%
Mild Deprivation	21.96%	20%
Low Deprivation	66.81%	50%
Mild-Severe Deprivation Total	33.25%	50%

- 33.25% of all jobs in Mild to severe areas of deprivation
- Drilled down sub-regionally e.g. Aldershot, rose to 54.7%
- Compare & contrast shows we employ a higher % of people from deprived areas than live in the areas themselves
- Whilst good – happen by chance?
- If known in advance, what incentives could there be to do even better?



Consideration: Reward solutions that focus on delivering Social Value where the most needed



INCOME



EMPLOYMENT



EDUCATION, SKILLS
& TRAINING



HEALTH



CRIME



BARRIERS TO
HOUSING & SERVICES



LIVING
ENVIRONMENT

Once a contract has been awarded to a Tier 1 supplier

- Establish a **need analysis** of the zone around the site: identify severe and high deprivation areas

Consider what should be **targeted** in those areas? **Weight rewards accordingly depending on need / legacy**

- Jobs / Apprenticeships
- Schools & mentoring
- Supply Chain spend/Meet the buyer events/Provide technical and professional support
- Employment and employability support for marginalised groups
- Environmental / Sustainability – local impact
- Community donations & volunteering hours

How do we create more social value?

How can strategic suppliers help Central Government to deliver more Social Value?

Key Issues/ Considerations

**How do we
measure and
report social
value?**

**How can we
account for social
value across
departments?**

**How do we
engage more
SMEs and
VCSEs?**

**How do we
deliver against
National
challenges?
(rather than just local)**

**How do we share benefits and
promote collaboration?**

How can we allocate value?

By ascribing a £ value to our social value activities - we can then allocate across departments to show how and where benefits accrue

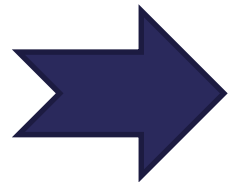
- **Unit cost database** provides government certified values
- Use as a **differentiator** and **drive up social value add** / impact
- Attribute **savings and benefits** to specific government departments
- **Align** to government priorities
- **Departmental Attributions** – how social value is distributed across departments is being developed *(will be helpful when communicating and distributing value)*
- **NB:** TOMs framework has been developed to support above....

⇒ **Total Central Gov spend £284bn – @+20% Social Value offers a +£56bn opportunity to add value to our communities**

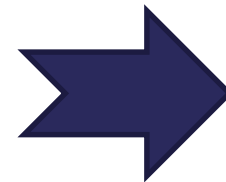
In Summary

- Continuity in approach – measurements
- TOMs evolving
- Alignment with central government policies
- Consider incentives for supporting individuals/ areas that have been 'left behind'
- Use £ Values to report contribution and promote cross departmental and industry collaboration

**We need to
collaborate to
embed &
strengthen Social
Value**



**We need to target
social value at
those most in
need**



**Time to do this is
now!**

THANK YOU

Don't hesitate in contacting me to discuss our social value agenda

Angela.Halliday@Sodexo.com

Tel: 07818 561 942



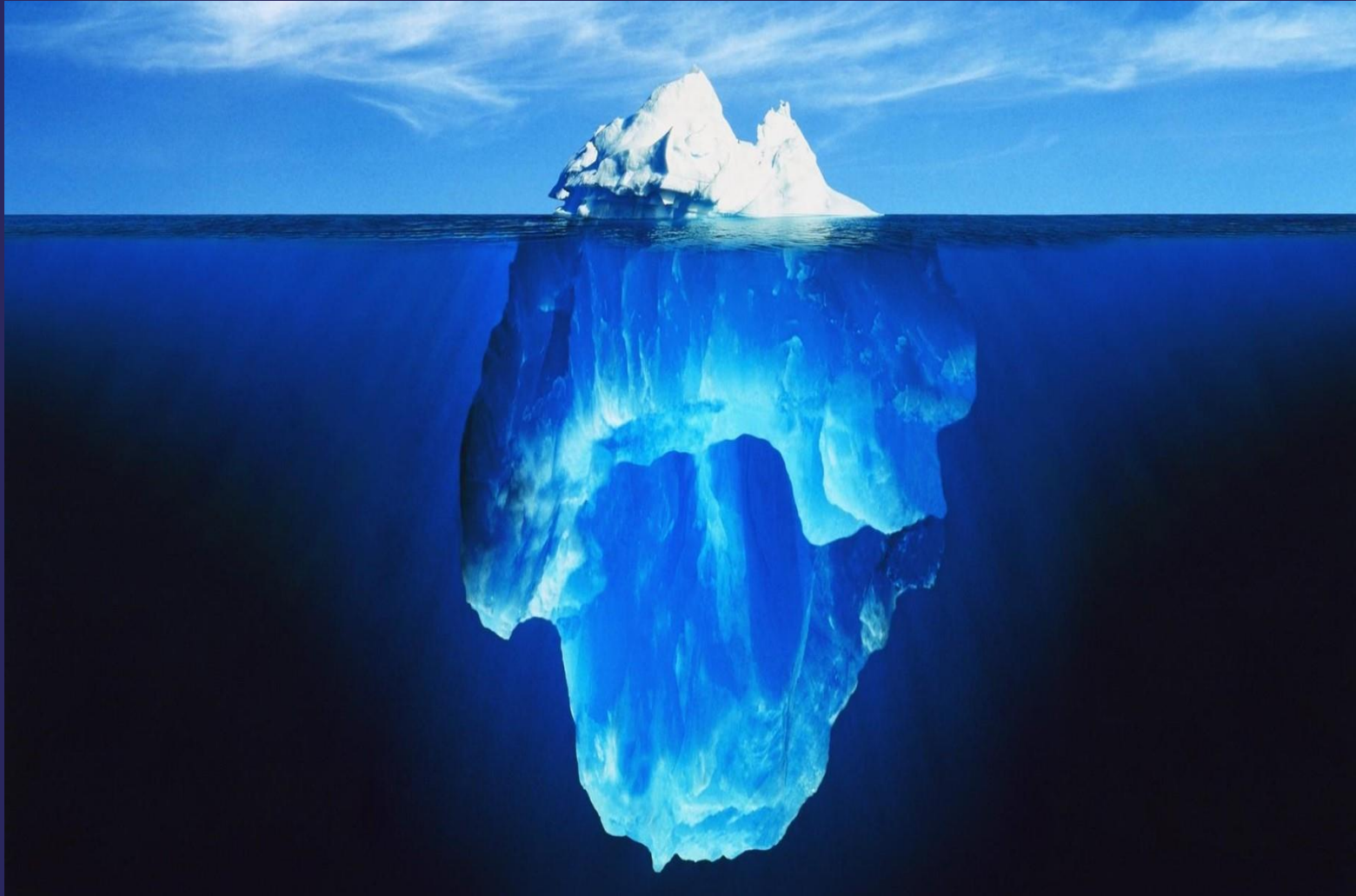
Quality of Life Services
Social Value in Action

Back Pocket Slides only

Available online post-conference



Meaningful Social Value.....



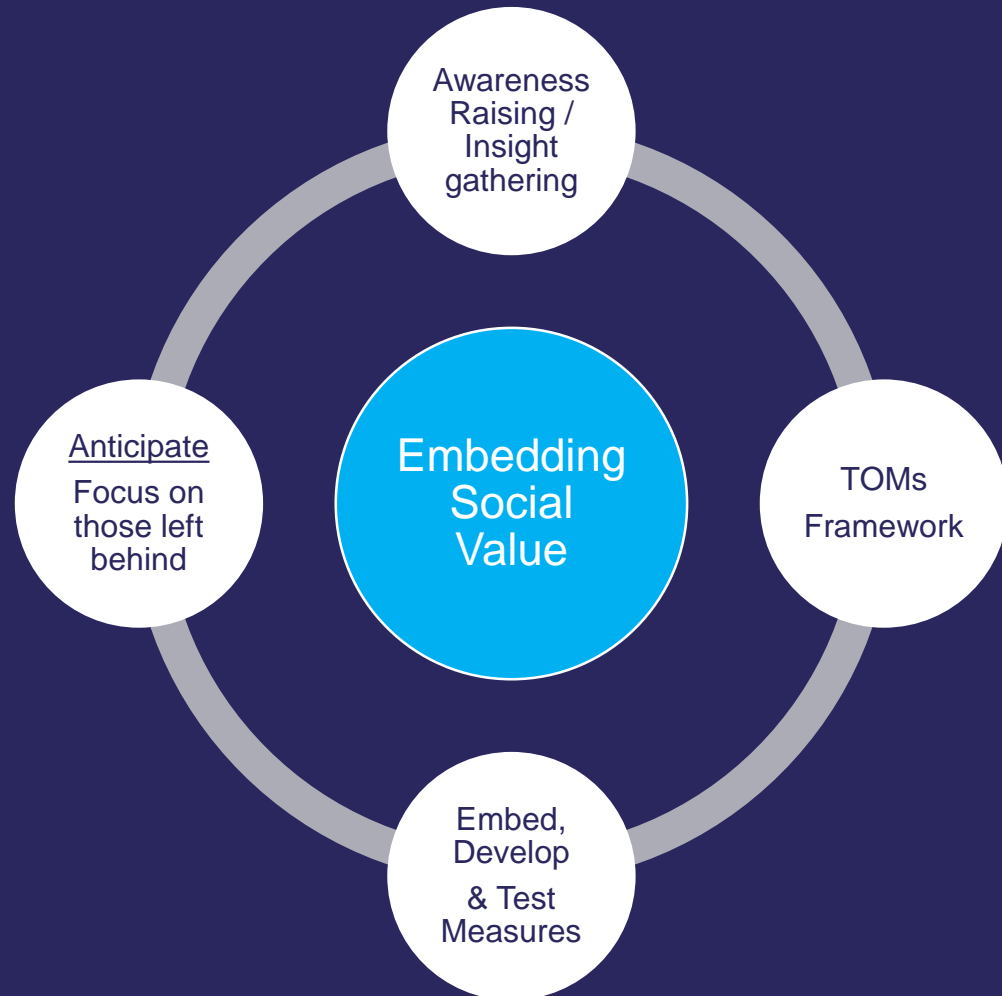
Identified
Social Value activity

Less tangible / evolving
Social Value activity

Anticipating demand –
evolve our approach

Important to prioritise areas of greatest impact/need; align to government / industry priorities
– Meaningful whereby social value does not become a tick box exercise! What matters??

How can strategic suppliers help Central Government to deliver more Social Value?



“This government will ensure that contracts are awarded on the basis of more than just value for money but [the] company’s values too, giving firms much-deserved recognition for their positive actions in society” [Oliver Dowden, Cabinet Office Parliamentary secretary, March 2019]

Example of TOMs Framework Themes:

- **Jobs:** Promote local skills & employment
- **Growth:** Supporting growth of responsible regional business
- **Social:** Healthier, Safer & more resilient communities
- **Environment:** Protecting and improving our environment / sustainability
- **Innovation:** Promoting social innovation

Social Value – Strategic approach to local impact

- Creating, supporting **diverse supply chains**
- **Skills and Employment**
- **Environmental Sustainability** – align to local and global priorities (SDGs)
- **Inclusion and Wellbeing** – engaging marginalised groups; improving safety & health of individuals/communities
- Anticipating and **responding to evolving policies and priorities** e.g. areas/ individuals being ‘left behind’; emerging policies & themes (e.g. loneliness)’ Civil Society strategy; Industrial Strategies; Outsourcing Playbook (v2) etc

TOMs

Measuring and Reporting Social Value

The National TOMs

The National TOMs have been designed to help organisations measure, manage and improve the delivery of social value

- 5 Themes, 18 Outcomes, 38 Measures since 2017
- Endorsed by the Local Government Association
- Downloaded over 3000 times across the UK and globally
- Provide a means of measuring and putting a value to social value
- Provides a robust and defensible decision making tool (i.e. not just qualitative)
- Used in procurement to level the playing field
- Updated and extended annually
- Mapped against the SDGs

Themes	Outcomes
Jobs: Promote Local Skills and Employment	More local people in employment
	More opportunities for disadvantaged people
	Improved skills for local people
	Improved employability of young people
Growth: Supporting Growth of Responsible Regional Business	More opportunities for local SMEs and VCSEs
	Improving staff wellbeing
	Ethical Procurement is promoted
	A workforce and culture that reflect the diversity of the local community
Social: Healthier, Safer and more Resilient Communities	Social Value embedded in the supply chain
	Crime is reduced
	Creating a healthier community
	Vulnerable people are helped to live independently
Environment: Protecting and Improving Our Environment	More working with the Community
	Climate Impacts are reduced
	Air pollution is reduced
	Better places to live
Innovation: Promoting Social Innovation	Sustainable Procurement is promoted
	Other measures (TBD)

Addressing the needs of communities



UK Government Commitment

“This government will ensure that contracts are awarded on the basis of more than just value for money but [the] company’s values too, giving firms much-deserved recognition for their positive actions in society,” [Oliver Dowden, Cabinet Office Parliamentary secretary, March 2019]

The British Government recently reinforced its commitment to creating more social value publishing guidance such as e.g. Treasury Playbook, Procurement Frameworks / Weightings

- 10% minimum SV weighting focussed on quality
- A standardised framework for procurement has been produced
 - › Supply chain safety
 - › Diverse Supply Chains
 - › Environmental Sustainability in support of the 25 Year Environmental Plan
 - › Inclusion and Wellbeing
 - › Safe and Secure Supply Chains
- A number of TOMs used in suggested framework
- But, no community engagement

Developing and Testing CG TOMS

We worked with Social Value Portal to develop and test a measurement framework that could be used across central government contracts which we tested on some live projects. We wanted to build on the success that local government has had in delivering real value against the TOMs (over +25%) in social value but recognising the limitations.

Key observations

- For national infrastructure projects, 'LOCAL' is not relevant – how do we replicate this?
- We need to find a different way of rewarding spend in areas of the UK that are 'left behind' or suffer from high or severe deprivation
- For central government buying, it is likely that multiple departments will want to understand benefits
- How do we ensure the success of the TOMs are not lost and that there is commonality between local government and central government standards.
- 'Community initiatives' are missing from the CG procurement strategy
- There is a focus on qualitative offers only and no element of quantity

CG TOMS Framework

Policy Area (Central Gov)	Outcomes
Skills and Employment	More people in employment from areas 'left behind'
	More opportunities for disadvantaged people
	Improved skills and training
	Improved employability of young people
Diverse Supply Chains	More opportunities for local SMEs and VCSEs
	Ethical Procurement is promoted
	Social Value embedded in the supply chain
Inclusion and Wellbeing	A workforce and culture that reflect the diversity of the community
	Improved Gender pay balance
	Increased representation of disabled people in the workforce
	Increased Black, Asian and Minority Ethnic representation in workforce
Supporting Communities	Improved staff wellbeing
	More working with the Community
Environmental Sustainability in support of the 25 Year Environmental Plan	Climate Impacts are reduced
	Improved resource efficiency
	Air pollution is reduced
	Better Paces to Live
Safe and Secure Supply Chains	Improve Cyber Sucurity within the SC
	Modern slavery risks are reduced
Social Innovation	Other measures (TBD)

Key additions and changes include

- A focus on jobs from areas of deprivation or 'left behind'
- Diverse supply chains added in
- More focus on inclusion and wellbeing
- We have kept community in
- 25 year environmental plan added
- Cyber security added in

Shared value across departments

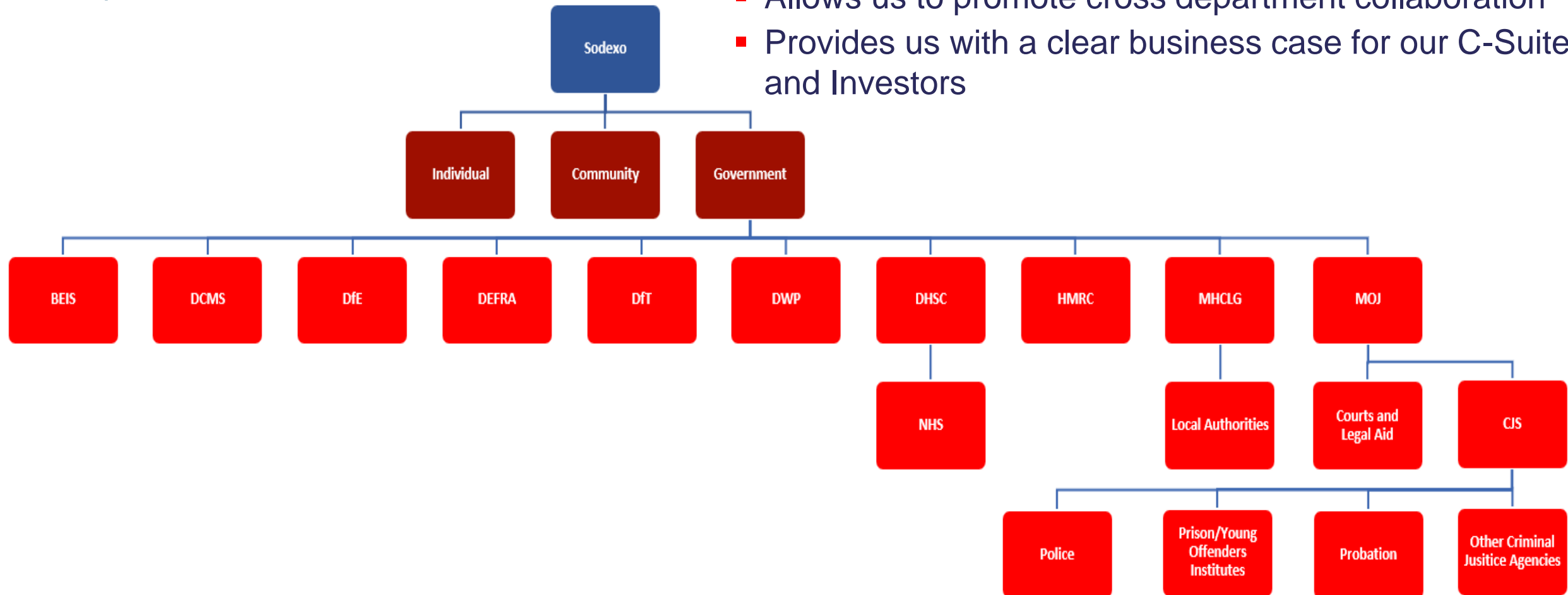
Attributions

Shared Value across departments

Unit Cost Data base allows us to ascribe a value to our social activities and attribute value to each department

We like this because

- Allows us to understand that the potential scale of our contribution is not small
- Allows us to promote cross department collaboration
- Provides us with a clear business case for our C-Suite and Investors



Attributions – breakdown example

	Likely direct benefits or savings (beyond what is currently valued by the proxy)
	Potential indirect benefits or savings (beyond what is currently valued by the proxy)
	Estimated quantifiable benefit (as captured by the Proxy)

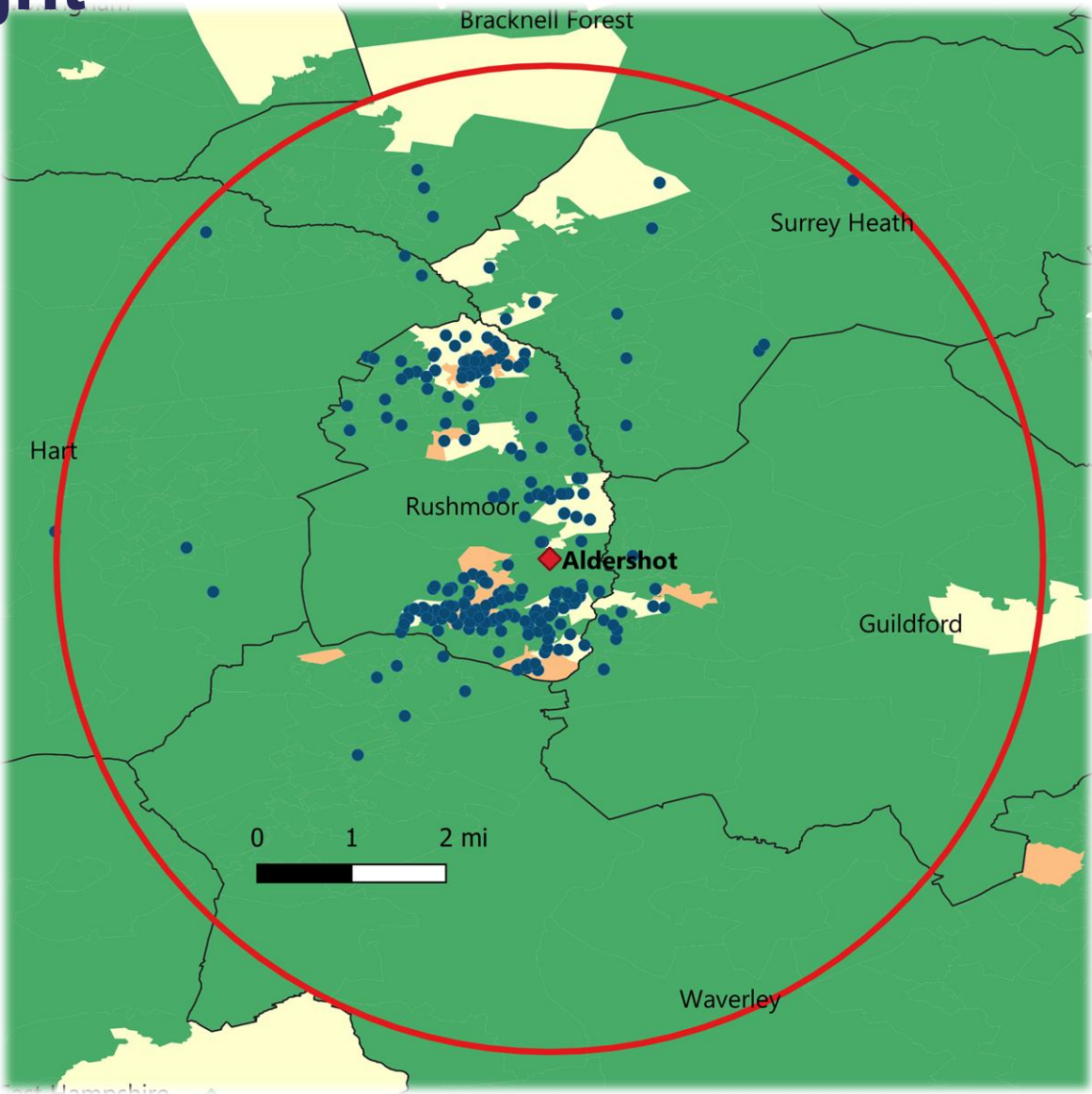
Outcomes	Measure	INDIVIDUAL % of value captured by the proxy	COMMUNITY % of value captured by the proxy	PUBLIC SECTOR % of value captured by the proxy	Units	Social Value Proxy	DWP (transfer payments in parenthesis)	NHS	HM Revenue and Customs	HM Treasury (transfer payments in parenthesis)	Courts (and Legal Aid)	Police	Prison (and Young Offenders Institute)	Probation	Other Criminal Justice Agencies	Local Authority
More disadvantage people into work	NT5 (NT) No. of employees (FTE) taken on who are rehabilitating young offenders (18-24 y.o.)	54%	11%	36%	no. people FTE	£15,857	(30%)	1%			1%	1%	1%	0.14%	0.37%	
		£12,138.03	£2,387.02	£7,669 (£6,787)	per on people FTE employed	£22,644	(£ 6,787)	£163			£117	£330	£156	£31	£84	

Case Study

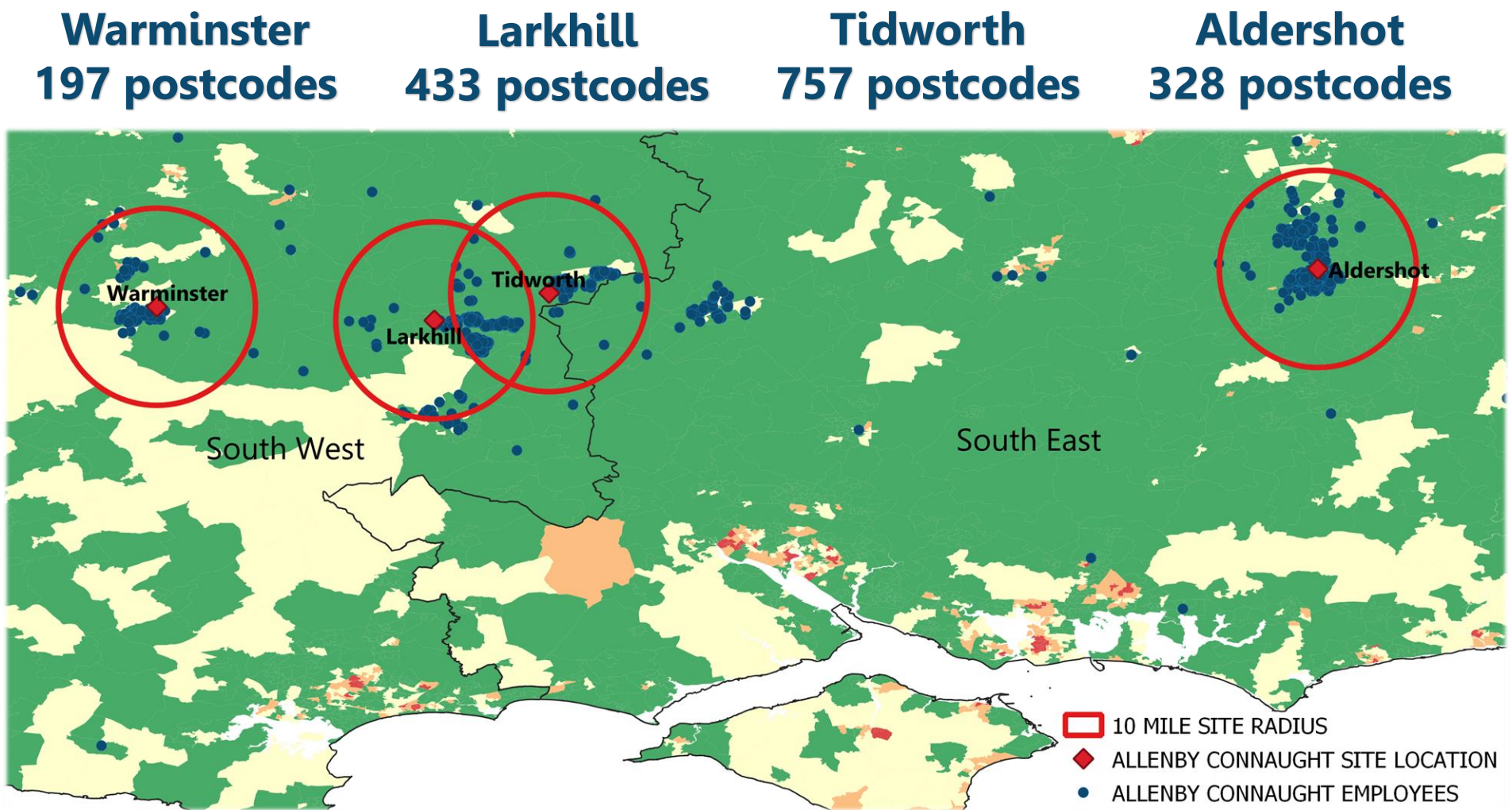
Additional Info

Case Study – Allenby Connaught Local Mapping (Aldershot)

Aldershot Radius Deprivation	Allenby Connaught Employee Deprivation	Rushmoor Levels of Deprivation	Southeast Regional Deprivation
Severe deprivation	0.0%	0.0%	3.03%
High Deprivation	19.51%	15.52%	11.36%
Mild Deprivation	35.06%	22.41%	17.86%
Low Deprivation	45.43%	62.07%	67.75%
Mild-Severe Deprivation Total	54.7%	37.93%	32.25%

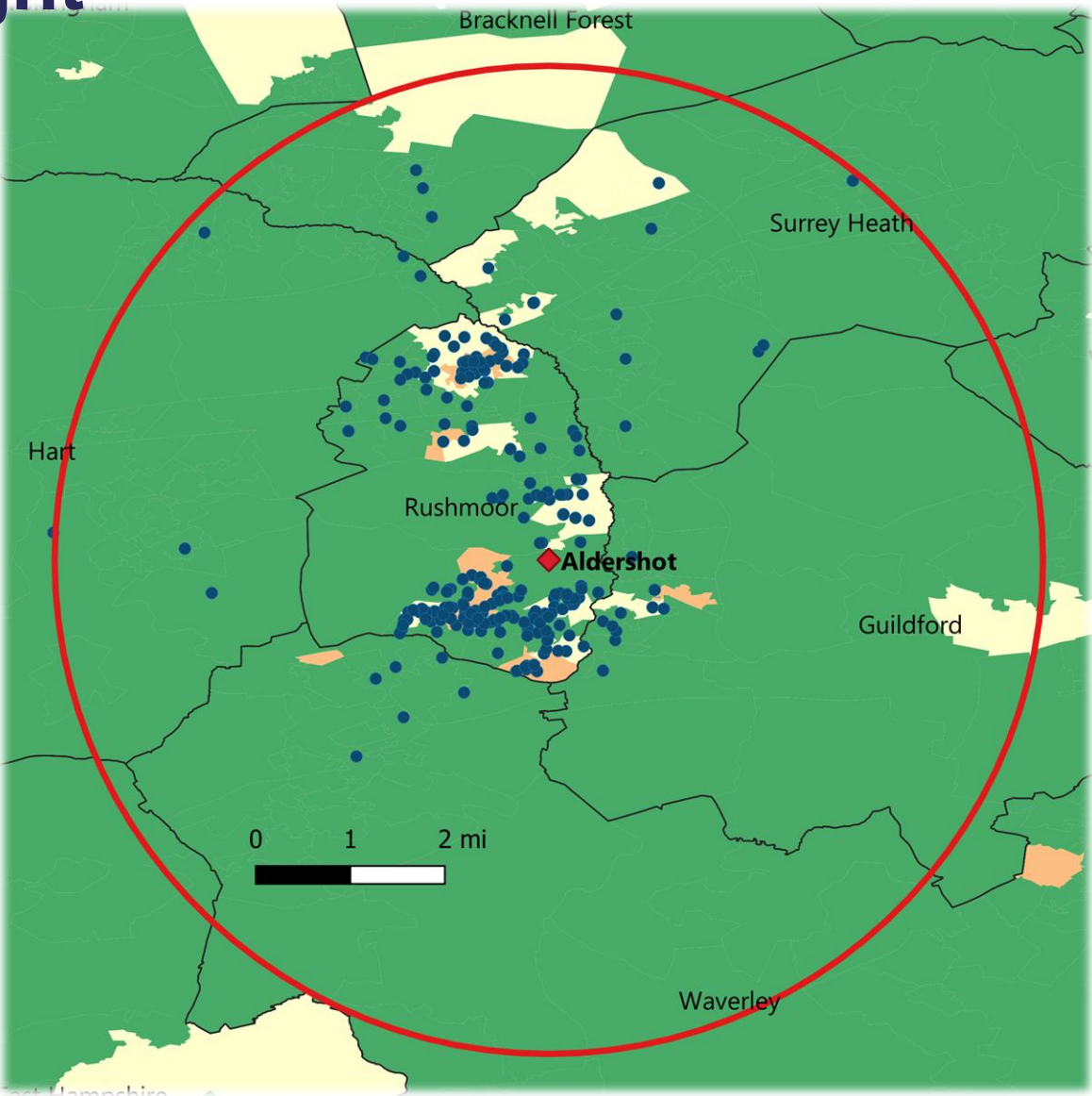


Case Study – Allenby Connaught, Regional Mapping



Case Study – Allenby Connaught Local Mapping (Aldershot)

Aldershot Radius Deprivation	Allenby Connaught Employee Deprivation	Rushmoor Levels of Deprivation	Southeast Regional Deprivation
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Mild Deprivation	35.06%	22.41%	17.86%
Low Deprivation	45.43%	62.07%	67.75%
Mild-Severe Deprivation Total	54.7%	37.93%	32.25%





PANEL DISCUSSION: EMBEDDING SOCIAL VALUE IN CENTRAL GOVERNMENT SPENDING

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29 January 2020

QUESTIONS



- In the context of recent consultation, how can government manage the procurement process to get the best possible social value bids and outcomes?
- Where can government see opportunities to advance broader policy goals?

QUESTIONS



- **How will/can government create an “even playing field” when evaluating tenders, and subsequent contract management?**
- **Will procurement, and subsequent contract management procedures account for an evolving (social value) landscape?**
- **At what stage would it be most valuable to introduce social value evaluation?**

QUESTIONS



- **What imperatives are needed to ensure that suppliers and commissioners' approach social value consistently, transparently and effectively**
- **How can it encourage innovation & creativity**
- **What risks are foreseen in increasing quality evaluation around social value?**

QUESTIONS



- What do suppliers expect from central government throughout the procurement process, and what want to see from the bid award criteria and evaluation process?
- What are the challenges or opportunities that arise from not having one national measurement framework for local and central government procurement?

QUESTIONS



- How can suppliers be encouraged by government to adopt social value as part of their business models?
- How can suppliers better engage with local communities and government to achieve maximum impact from social value initiatives?
- How can large and small suppliers work together in the supply chain to deliver social value?