



Incorporating social value in the supply chain can be a key part of any company's approach to responsible supply chain management. In relation to property management, property and facilities managers are responsible for the general approach to procurement, set within frameworks established by asset managers.

The key considerations for incorporating social value in the supply chain are set out in the four steps below:



1: ALIGN SOCIAL VALUE OPPORTUNITIES WITH PROCUREMENT ACTIVITIES

Different social value issues and opportunities can be aligned with, and tailored to, different service providers and different types of contracts. Alignment should be considered at the tender stage, and also during the contract term.

Service providers' existing social value activities

Service providers often have their own social value or corporate social responsibility programmes.

By engaging with service providers, property managers can help to identify potential collaboration opportunities on social value issues of mutual interest. This may provide synergy and additional benefits from the service partner's implementation knowledge and the property manager's co-ordination.

Alignment to procurement category

Different procurement categories may align well to specific areas of social value. For example:

- The provision of apprenticeships may be well-suited to mechanical and electrical services.
- Local employment opportunities may be well suited to cleaning services.
- Employing from marginalised groups may be well suited to landscaping services.
- Local procurement opportunities may be well suited to catering services.

This is particularly important if the property manager is at the early stages of implementing a social value measure.

Alignment to contract duration

The duration of a contract may influence the choice of alignment social value issues. For example:

- A longer contract may be appropriate for expanded partnerships with a local school for the provision of end-of-term placement.
- A shorter contract may be appropriate for a fixed-term partnership with a local school for the provision of employment taster days.

This is important to ensure that delivery is appropriate for the contract period and that interventions don't end abruptly.

2: INTEGRATE SOCIAL VALUE WITHIN THE TENDER PROCESS

Opportunities to embed social value principles exist at all stages of the procurement process. Incorporating social value from the beginning of the process enables prospective suppliers to develop a clear understanding of expectations and to review their own policies and practices in preparation for successful outcomes at each stage.

Pre-qualification

The pre-qualification (or pre-tender) stage provides an opportunity to assess the capacity, capability and experience of prospective suppliers. This can include their ability and commitment to delivering social value.

At this stage, social value questions should, ideally, remain quite general, and set the foundation for more detailed assessment at a later stage.

Pre-qualification is a helpful way to set out the expectation and to outline that commitment in this area is a minimum requirement.

Examples of simple social value questions that could be included during pre-qualification include:

- Does your company run a corporate responsibility or social value programme? Examples or prompts could include, but are not limited to, apprenticeships, volunteering, work experience, school engagement.
- Is your company committed to supporting diversity and inclusion in the workforce? Examples or prompts could include, but are not limited to, gender, race, ethnicity, LGBT).

Invitation To Tender

The Invitation To Tender (ITT) (or contract specification) stage provides an opportunity to flesh out the expectation in relation to delivering social value and allows companies to share key principles that would be required as part of the contract fulfilment.

At this stage, both direct and enabled activities can be accounted for. There is a decision to be made as to whether direct social value will be required to be created through the contract being tendered. This could include, for example:

- Number of apprentices required on site.
- Number of hours volunteering in the local community.
- Number of work experience placements to be supported per year.

This stage also provides an opportunity to review the suppliers social value credentials by asking for examples of relevant social value initiatives they undertake. This can help to:

- Ascertain the extent to which the organisation aligns to the social value aspirations of the property's stakeholders.
- Identify examples of work that's being undertaken elsewhere and provide inspiration and learning for future activities.

At this stage it could be pertinent to request prospective suppliers to include links to any social impact reports and/or case studies they have within their submission to support their position in this area.

It is important to make it clear in the evaluation criteria that some weighting will be associated to their commitment to social value, and to share the scale you propose to use. For example:

- 1 – Little evidence of commitment to social value.
- 2 – Some evidence of commitment to social value.
- 3 – Strong evidence of commitment to social value.
- 4 – Appear to be leaders/pioneers/innovators in the field of social value.

Evaluation of the tender and/or interview stage

While there is likely to be a wide range of assessment criteria during the evaluation stage, it is important to maintain sight of the social value requirements. This will help to ensure that they remain consistently positioned throughout the process, and a key part of the future deliverables expected by the supplier.

The evaluation criteria, and an accompanying weighting system, should be included within the evaluation documentation. The assessors should be briefed on the importance of the social value criteria and, if necessary, trained on the method of attributing social value scores.

Awarding of contract

It is important that the successful bidder's social value commitments are documented and agreed in the contract document. This should include, for example:

- The social value deliverables agreed as part of the tender submission/evaluation.
- The way in which the social value outputs will be measured and incorporated within the systems and processes set up to manage the contract more broadly.

It can be helpful to agree a measurement or tracking dashboard to capture social value data throughout the duration of the contract delivery. This should be accompanied by an agreement on the governance or management review arrangements that will be for reporting and monitoring social value deliverables as a regular feature of status review meetings



3: INCLUDE SOCIAL VALUE WITHIN SUPPLIER PERFORMANCE MANAGEMENT

Performance management arrangements

Where social value outputs are included as part of a contract deliverables, performance management should be integrated into the formal contract management process.

Performance management may include:

- The provision of social value performance data of scorecards and/or reporting at regular monthly meetings.
- Non-conformances and/or failure to deliver required social value deliverables being managed through the standard contract process.

Where social value reporting from the supplier is ad hoc, it is recommended that information is collected six-monthly as a minimum.

Key performance indicators (KPIs)

As social value measurement remains an emerging field, the measurement of certain social value activities, specifically where the social value created is more intangible, can be difficult to measure.

The selection of KPIs will be influenced by the social value maturity level of the client and the type of services provided. For example, the presence of a policy commitment to support eradicating modern slavery is an easier deliverable than providing job opportunities targeted at survivors of modern slavery.

A selection of key performance indicators which may be appropriate for including within supplier contracts are listed below.

- Skills and employability
 - Number or percentage of people employed from a local community.
 - Number of apprentices or work placements.
 - Breakdown of workforce including jobs created for underrepresented groups, for example, people with disabilities, from disadvantaged backgrounds or BAME backgrounds.
 - Percentage of workforce paid the National or London Living Wage.
 - Hours of training provided per employee.
- Responsible Business
 - Policy commitment to support Diversity and Inclusion.
 - Percentage of invoices paid within 30 days.
 - Total amount of time or money spent with local enterprises.
 - Percentage of contracts within supply chain which include on social value commitments.
 - Percentage of suppliers with responsible sourcing requirements.
- Healthier, safer communities
 - Number of hours volunteered to support local community projects.
 - Donations or in-kind contributions to local community projects.
 - Investment in initiatives aimed at reducing crime or tackling homelessness.



4: BUILD SUPPLY CHAIN CAPABILITY

Contractors within the supply chain are often viewed as an extension of the central organisation and share in the value of the business, helping deliver tangible outcomes at both a property and a portfolio level.

A range of interventions can be helpful in effectively guiding, managing and measuring the social value outcomes of activities implemented by the supply chain. This can help to build the capability of the supply chain to:

- Deliver the social value commitments agreed within a contract.
- Continue to build and develop these, over time, for future contracts.

Examples of initiatives that can help to build the social value capability of the supply chain include:

Guidance documents

Social value guidance documents can be used as a reference by contractors to be aware of, and understand, programmes that encourage the desired outcomes for the property and its stakeholders.

Guidance documents provide resources and tools to help educate the wider supply chain and extend social value priorities beyond direct contactors, to multiple tiers of the supply chain.

Social value charters

Developing a social value charter for a property can provide contractors with a clear understanding of the material social value topics that need to be addressed throughout the supply chain. This can include activities conducted by sub-contractors beyond tier one suppliers.

Including specific social value objectives within the charter can enable contractors to:

- Track performance against KPIs.
- Make decisions that align to a property's social value priorities.
- Encourage practices that promote social value outcomes beyond the initial tier one activities.

Training and knowledge share

To enhance social value outcomes throughout the supply chain, the organisation should support contractors by providing training and knowledge sharing resources. This can help to develop a clear and consistent approach to social value through the supply chain hierarchy.

Alongside raising awareness on the specific social value issues of most relevance to a property of portfolio, training can be provided on how these issues can be approached, and how impact can be measured. Over time, this will build the capacity of contractors and enable them to deliver robust programme to enhance social value after contract award.

Ongoing engagement

Engaging actively with contractors through regular meetings will enable a sustained transition in terms of how social value is managed and measured across the supply chain. Exchanging experience and providing feedback will enable more innovative practices to be adopted and encourage contractors to take ownership of the delivery of social value initiatives.

Throughout the contract length, social value should be regularly reviewed. Supportive management from the central procurement team and social value/ESG teams should be offered in order to establish and review social value programmes.

Interventions for guiding, managing and measuring the social value outcomes of activities implemented by the supply chain

