

Delivering Social Value in Construction Contracts
Guidance
For
Contract Managers

Introduction

This is a guide for Contract Managers which sets out how social value is included in public contracts and practical advice on how the social value requirements can be monitored and managed to ensure they are delivered.

Public Bodies in Northern Ireland include and score social value in public tender competitions in accordance with the [Procurement Policy Note \(PPN\) 01/21 \(Scoring Social Value Policy\)](#). PPN 01/21 mandates that from 1 June 2022 tenders must include a minimum of 10% of the total award criteria to social value.¹ This 10% minimum will apply to contracts for services and works above the threshold where the Procurement Regulations apply.

PPN 01/21 covers social, environmental and economic objectives and requires public bodies to score social value using an outcomes-based framework which has four broad themes:

- increasing secure employment and skills;
- building ethical and resilient supply chains;
- delivering zero carbon; and,
- promoting well-being.

Construction contracts below PCR threshold should still include social value requirements as part of the contract conditions, and these will be managed in the same way as it set out below.

¹ A review of the Scoring Social Value Policy will take place in advance of June 2023 with the intention of increasing the minimum weighting to 20% subject to the approval of the Executive. This guidance will be updated to reflect any changes to the Scoring Social Value policy following the review in 2023.

Buying Social: Social Value Points Model

The model uses social value points to ensure social value outcomes are delivered through public sector contracts in a measureable, proportionate and flexible manner.

Each Social Value indicator is broken down into subsequent initiatives. Each initiative has been allocated a number of social value points.

How does the Social Value Points Model work?

The Social Value Points Model requires that the Supplier deliver a minimum of 100 social value points per £1m of contract value (and pro-rata). Construction contracts above PCR thresholds will also have Mandatory Requirements which require the contractor to have committed to developing a number of policies in relation to the contract.

These are policies for:

- > In work progression and skills;
- > Fair work strategy;
- > Human rights strategy including Ethical Supply chain;
- > Supply Chain Resilience and Capacity strategy;
- > Environmental Strategy for the contract including Carbon Reduction.
- > Health and Wellbeing strategy for the staff employed on the contract;
- > Equality, Diversity and Inclusion Strategy

The Contracting Authority can influence the social value delivered through the contract to help deliver Departmental or other priorities in two ways:

- > Incentivising Suppliers to deliver social value outcomes to the Contracting Authority's priority groups by increasing the number of social value points a contractor will earn for working with those groups, e.g. young people on the Looked After Child care pathway; or,
- > Setting minimum mandatory targets for specific social value initiatives. For example, stating that a minimum of 50% of the social value points target must be delivered through employment or community initiatives.

The Supplier will have flexibility to choose which initiatives they deliver from the Contracting Authority's selected list, giving them the benefit of aligning the requirements of the Contracting Authority with their own business models or solutions and with feedback gathered through community engagement.

It is important to ensure that where a minimum target for specific initiatives has been set, that the contractor meets this within their target over the lifetime of the contract.

The Bid Stage

The Contracting Authority sets an indicative minimum number of points that the Supplier is required to deliver based on the estimated contract value at the time of procurement.

Tenderers submit a Social Value Delivery Plan setting out how they will deliver the specified minimum number of points with the tender and are asked to complete a methodology detailing how they will ensure the required social value points are delivered. **A minimum weighting of 10% of the overall award criteria will be applied (this will be subject to review from June 2023).**

Monitoring Social Value

Where Social Value requirements are included in the contract they must be enforced. To facilitate this, the Supplier must provide you with regular progress reports on their Social Value activities, e.g. details of the number of weeks work experience opportunities delivered or the number of hours of health and wellbeing initiatives delivered as a result of the contract.

There is a Social Value monitoring system in place for the Social Value Points Model. The monitoring system calculates the number of Social Value Points which have been delivered through the Supplier's activities and what % this is of the contract's overall Social value Points target.

The Social Value monitoring system is a web-based system that works in the following way:

- Once a contract with Social Value Points has been awarded, **you must inform the Social Value Unit at SIB**. You will also need to inform the Unit if the contract is delayed and when the contract has completed. You can contact the Social Value Unit at info@buysocialni.org;
- The Unit will set up the contract in the Social Value Monitoring Portal, prepopulating the Social Value Points targets included on the contract, and issue the Supplier with login details and guidance on how to add information relating to the delivery of their targets;
- The Supplier will receive a reminder to update the report; however, Suppliers can log in to the monitoring portal at any time;
- Suppliers record their progress to date against each indicator. (There is also a notes section which Suppliers should be encouraged to use to record any efforts that they have made to fulfil their targets); and,
- A report will be sent from the system at regular intervals to both the Supplier and Client Project Managers. This report should be regularly reviewed during progress meetings to determine if the Supplier is on track to deliver their targets.

The monitoring reports generated by the system will allow you to understand how much Social Value has been delivered to date and who the beneficiaries of each social value initiative have been, including a breakdown to include priority groups. In this way, the Social Value monitoring system reports are a key contract management tool, and can also be used to report delivery against your organisation's strategic priorities and Programme for Government responsibilities.

Managing Social Value

Social Value is part of the contract and should be adequately managed to ensure that it is delivered in line with contract commitments and that value for money, which is a key driver behind the inclusion of Social Value, is achieved.

The reputation of a Department and Supplier can be damaged by a poorly managed contract that does not deliver the expected outcomes.

The Social Value requirements which have been included in the Invitation to Tender and supporting contract papers should be reviewed by the Supplier and Contract Manager at the Contract Initiation Meeting.

It is the responsibility of the Client Project Manager to regularly monitor and review the contract including:

- **Assessing reports on how the Social Value obligations are being delivered,**
- **Ensuring any contract-specific targets are being met (e.g. a minimum number of points to be delivered through Paid Employment Initiatives); and,**
- **Addressing any under-achievement.**

TIP: Including Social Value as a standard agenda item at Contract Review meetings ensures that Social Value remains a priority for both the Contracting Authority and Contractor throughout the lifetime of the contract.

Assessing Social Value Points monitoring reports

The Social Value monitoring system provides Contract Managers with regular reports which set out the number of Social Value Points which have been delivered through the Supplier's activities and what % this is of the contract's overall Social value Points target.

You can use the Social Value monitoring report along with the Social Value Delivery Plan the Supplier submitted with their tender response to analyse the Supplier's social value delivery in more detail, as set out in the example below.

Worked example

You are the contract manager of a £24m contract, with a duration of 4 years. The total number of Social Value points that are required to be delivered across the lifetime of the contract is 2400. It is the start of the 3rd year of the 4 year contract and you are preparing for the contract review meeting.

The Supplier's Social Value Delivery Plan committed to delivering the following social value initiatives across the lifetime of the contract:

- 520 person weeks of employment for people who face barriers to employment

- 156 person weeks of employment for people with a disability
- 100 weeks of work experience placements for people who face barriers to employment
- 120 weeks of work experience placements for people with a disability
- 380 hours of skills development and educational attainment for people with a disability
- All of the mandatory requirements

From the Social Value monitoring reports, you can see that the Supplier has delivered 1175.5 Social Value points to date through the following initiatives:

Social Value Initiative	Units delivered	Points earned
Paid employment for people who face barriers to employment	260 weeks	375
Paid employment for people with a disability	45 weeks	78
Work experience for people who face barriers to employment	70 weeks	175
Work experience for people with a disability	44 weeks	165
Skills development and educational attainment for people with a disability	204 hours	382.5

1. You calculate the overall social value requirements delivered to date:

1175.5 points delivered	}	49% of total Social Value Points delivered to date
2400 Social Value points required		

From this preliminary analysis, the Supplier is doing well as two years of the contract has passed and they seem to be on track for delivering the overall Social Value requirement of the contract in the 4 year timeframe.

2. You analyse each social value initiative's delivery to date

You consult the Supplier's Social Value Delivery Plan, which they submitted at the contract's bid stage, to understand in more detail if the Supplier is on track to deliver the specific social value initiatives they set out to explain how they would deliver the specified minimum number of points with the tender.

Social Value Initiative	Units delivered	Points earned	Target units	Target points	% delivered to date
Paid employment for people who face barriers to employment	260 weeks	375	520 weeks	750	50%

Paid employment for people with a disability	45 weeks	78	156 weeks	270	29%
Work experience for people who face barriers to employment	70 weeks	175	100 weeks	250	70%
Work experience for people with a disability	44 weeks	165	120 weeks	450	37%
Skills development and educational attainment for people with a disability	204 hours	382.5	380 hours	712.5	54%

At this stage of the contract, when 2 out of 4 years have passed, you would expect the supplier to have delivered 50% of each social value initiative included in the Social Value Delivery Plan. From this more detailed analysis, you can see that the Supplier is on track for 3 out of 5 initiatives, but is at risk of falling behind with the work experience and paid employment for people with a disability.

Potential actions:

- Ask the Supplier how they intend to ensure full delivery of each social value initiative across the lifetime of the contract.
 - Request an updated Social Value Delivery Plan to show how they plan to ensure delivery
 - Suggest that, as they seem to be delivering well against the skills development initiative, they could use the contacts and systems involved in delivering that element to identify and encourage more work placement participants who have a disability, which may lead to increased applicants for paid employment on the contract.
 - Highlight potential brokers who work with people with a disability who may be able to nominate participants/applicants for the work placement or paid employment opportunities (see Find a Broker in the resources section below).
-

Key Performance Indicators

Social Value can be included in KPIs which should be clearly drafted, achievable and reflect the importance of the Social Value to the project as a whole.

If the KPIs put as much emphasis on the Social Value requirements as on other performance measurements you are more likely to achieve the outcomes you specified.

You will need to conduct frequent reviews to ensure data is being collated and reported.

Managing Poor Performance

Continued poor performance cannot be ignored and Departments should work with the Supplier in order to ensure they meet contract requirements.

Contract checklist for Contract Managers

Task	Complete
Review the Social Value requirements which have been included in the Invitation to Tender and supporting contract papers.	
Inform the Social Value Unit at SIB that the contract has been awarded	
Consider drafting and including Social Value KPIs.	
At the Contract Initiation meeting, confirm the contract's Social Value requirements and how the requirements will be monitored with the Supplier	
Include Social Value as a standard agenda item at Contract Review meetings	
Assess each Social Value monitoring report to determine if the Supplier is on track to deliver their targets.	
Discuss any risks of under achievement with the Supplier and put a plan in place to mitigate the risk.	

Further resources are available at the [Contract Manager's section](#) of the Social Value Unit website.

Frequently Asked Questions

Can overseas suppliers be mandated to deliver the social value benefits in Northern Ireland?

Whilst we can encourage bidders as much as possible to deliver the initiatives in Northern Ireland they cannot be mandated to do so because non-local bidders must not be discriminated against.

We encourage bidders to deliver the benefits in Northern Ireland as much as possible by, for example:

- Setting out that PPN 01/21 is a Northern Ireland Executive Commitment
- Stating that the Supplier may deliver the social value requirements remotely
- Maintaining a database of brokerage organisations based within Northern Ireland that can support contractors to deliver their social value requirements both in person and remotely.
- Requiring that the Supplier notifies the social value requirements listed to one or more of the brokers registered on the Social Value website. In relation to paid employment opportunities the Supplier must also notify the job opportunities to www.jobcentreonline.com.
- Encouraging Suppliers and Contract Managers to discuss and plan the delivery of the social value requirements at contract management meetings to ensure social value is maximised

The bidder has committed that they will comply with legal requirements in relation to the social value indicators, e.g. Fair Work, Human Rights. Is this considered social value?

The social value asked for/delivered must be additional to the legal requirements. Social value is about going beyond the minimum legal requirements.

Can bidders' Corporate Social Responsibility (CSR) statements, policies and/or case studies be accepted as delivery of the social value indicators?

No CSR refers to how the organisation performs corporately. It is not contract-specific and therefore will not adequately address the social value award criteria.

What happens if a Supplier does not deliver on their social value commitments?

It is the responsibility of the Client Project Manager to regularly review the Social Value Delivery Reports to monitor Supplier performance against the social value requirements.

As set out in PPN 01/21, poor performance by the Supplier on the delivery of the social value requirements must be addressed in accordance with the recommendations on poor contractor performance set out in Procurement Guidance Note PGN 01/12: Contract Management Principles and Procedures

Resources

'Find a Broker'

The 'Find a Broker' page on the Social Value Unit website lists organisations that can help Contractors meet their Social Value requirements. These organisations tend to be Voluntary, Community or Social Enterprise organisations, and employability providers.

The brokers can be searched by social value initiative, priority group, location and industry to help Contractors find a suitable organisation to help them meet their particular Social Value requirements.

Specific guidance

Contract Managers can access and download more detailed guidance on Ethical Supply Chains and Human Rights Due Diligence from the from the [Contract Managers section of the Social Value website](#).

What you can do next

- [Read the guidance](#) on how the model works in detail.
- Embed the model into your existing practices and discuss it with your team.
- Use the contract checklist above to ensure Social Value is embedded throughout the contract management process.