Social Value

Social Value in Procurement

Guidance for Public Bodies

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Introduction

This is a practical guide on how to maximise social value throughout the procurement process in accordance with Procurement Policy Note (PPN) 01/21 (Social Value in Procurement).

Social value incorporates all aspects of sustainable procurement, including ethical and sustainable supply chains, community benefits and wealth building, job and skills creation and efforts to decarbonise.
This guidance document draws attention to the opportunities available to Commissioners and Procurement Officers throughout the various stages of the procurement process to deliver more sustainable outcomes. Similarly to the PPN, for the purposes of this document,

> "Procurement is defined in its broadest sense and includes the commissioning; tendering and contract management phases."

PPN 01/21 focusses on social, environmental and economic objectives and requires public bodies to take action at each stage of the procurement process. The requirements of the PPN are summarised on the following page.

Before following this guidance, you should have read PPN 01/21.

Whilst every effort has been made to ensure that the information contained herein is accurate, this toolkit is not provided as 'legal advice.' Users may seek such advice before using this material in any formal contracting process. You should note that some of the external links provided were not drafted with the Procurement Act 2023 in mind.

SOCIAL VALUE IN PROCUREMENT GUIDANCE FOR PUBLIC BODIES

1 Embedding Social	2 Thinking Social	3 Buying Social	4 Managing Social
develop and publish a Strategy which sets out how the public body intends to incorporate social value into their procurement spend.	consider if grant funding would be more appropriate to achieve the best outcomes and public benefit.	ensure the payment mechanism is structured to assist with cash flow.	develop at least one Key Performance Indicator (KPI) for the social value aspects of the contract.
	consider the potential to reserve a contract in accordance with the relevant procurement legislation.	set relevant sustainability conditions of participation which focus on environmental and/or ethical standards.	publish details of the contracts where they have opted out of PPN 01/21.
	have a plan for effective community consultation before, during and following the delivery of major capital/ infrastructure projects.	specify the minimum sustainable requirements relevant to the work, supply or service being purchased in the specification to deliver the intended outcomes.	publish case studies to show the impact of social value.
	develop the procurement strategy to ensure the contract is accessible for social and micro enterprises (i.e., by using lots, allowing sufficient time for bid responses, encouraging consortium bids etc).	allocate a minimum of 10% of the total award criteria to score social value for contracts for works above the UK Procurement Threshold and contracts for services above £500,000, (inclusive of VAT).	
	consider ways of reducing consumption and end-of-life requirements in order to reduce carbon emissions and promote a circular economy.	adopt fair work practices for all workers engaged in the delivery of the contract.	
		include the payment of the Real Living Wage as a condition of contract for all works and service tenders. For the supply of goods, the living wage requirements will be applicable to contractor staff in this jurisdiction.	
		in works contracts above £500,000 and below the UK threshold, incorporate at least one social value indicator in the specification or conditions of contract from the Social Value Themes.	

Social Value in Procurement – Procurement Legislation

The Procurement Act 2023 reflects the importance of using public spend to incorporate social value by requiring tenders to be assessed on the basis of Most Advantageous Tender (as opposed to the previous Most Economically Advantageous Tender) and specifically requires Contracting Authorities to have regard to maximising public benefit, in addition to delivering value for money and acting with integrity.

The Procurement Act also includes a duty on Contracting Authorities to have regard to the particular barriers facing Small and Medium sized Enterprises (SMEs), and to consider what can be done to overcome them.

Considering social value in contracts is one way of maximising public benefit.

Embedding Social: the strategy stage

Departments are required to think strategically about social value, resulting in the publication of a strategy to set out how they will incorporate social value into their procurement spend.

As set out in PPN 01/21:

> "The Strategy should include an action plan with associated targets and should be updated regularly to identify the forthcoming pipeline of contracts where social value will be scored or incorporated.
> A Department can decide if their Strategy will cover the procurement activity of their Arms-Length Bodies (ALBs), or whether their ALBs will be required to develop their own Social Value Strategy."

Taking a departmental approach to social value will assist public bodies to identify how they can best use their procurement spend to help deliver their strategic objectives and priorities.

For support and advice on developing Social Value strategies, Departments can contact the Social Value Unit at Strategic Investment Board via: socialvalueni@sibni.org

Thinking Social:
the pre-procurement stage

There are opportunities to maximise social value across the procurement lifecycle, but the greatest opportunity exists early in the process.

Thinking about social value early in the spending process gives you time to consider how you can use your spending opportunity to deliver the most social value and maximise the public benefit.

PPN 01/21 states:

> "How social value can be maximised through public spending should be considered at the earliest possible stage (i.e. prior to business case development)."

RETHINK THE NEED: FUNDAMENTAL QUESTIONS

It is important to think about social value from the outset of every spending proposal and into every stage of the process, starting prior to the business case. This means examining what you are buying and if you need to procure at all. The most sustainable option is often to reuse existing resources, where possible, and avoid procurement altogether.

Do we really need to buy this?

Think about the outcome you are trying to deliver with this purchase.

Could the outcome be delivered without buying? Would modifying internal procedures negate the need for the procurement? For example, by redeploying, repairing, sharing or re-using existing services, products or buildings.

This would not only save costs and resource-consuming procurement procedures but also avoid unnecessary environmental impacts and promote a more circular economy.

Are there alternative ways of meeting the need?

Consider how the required functionality can be delivered in the most sustainable way. For example, can you buy used, refurbished or remanufactured products?

Would grant funding be a more appropriate commissioning method? Or could you reserve the contract?

Are there alternative business models which would meet the need, such as leasing or buying a service, rather than a product? The lease should include maintenance and repair, and there is the opportunity to encourage the lease company to re-use and refurbish/repair.

Product as a service business models support the circular economy. Since ownership is not transferred to the customer, it is in the supplier's interest to ensure longevity and durability, and minimise carbon emissions.

Can we buy less?

Is it possible to reduce the amount procured through, for example, collaborating with others or gathering demand management information? Using information technology and communication channels could help you to forecast and plan for demand, and thereby reduce consumption where feasible.

How can the lifecycle be as sustainable as possible?

If a purchase is required, ensure that relevant environmental, social and economic considerations are included in the specification to deliver the intended outcomes. Engaging with internal and external stakeholders at preliminary market engagement stage can help develop these requirements.

What will happen the products you're procuring? Planning for what happens to products at their end of life before you buy them can help your organisation reduce carbon emissions. Can you include end-of-life requirements? For example, return and replace in the contract requirements, to promote refurbishment and/or recyclability, and reduce carbon emissions?

This toolkit aims to help you take action in response to each of these four questions in order to ensure best value for money and deliver the most sustainable outcomes.

Grant Funding

When spending public money, Departments are working to meet a need and deliver positive outcomes. The most appropriate way to meet that need may be through grant funding, rather than procurement.

PPN 01/21 mandates that:

> "Departments must consider if grant funding would be more appropriate to achieve the best outcomes and public benefit."
>
> And, that:
>
> Departments must refer to Procurement Policy Note 02/21[1] (Procurement of Social and Other Specific Services) for contracts that fall under its scope."

Reserving Contracts

Public bodies can reserve the right to participate in procurement procedures to supported employment providers whose main aim is the social and professional integration of disabled or disadvantaged persons or public service mutuals. Reserving contracts to supported employment providers enables public procurement to be used in such a way as to improve employment prospects for people who face barriers to finding employment.

PPN 01/21 states that:

> "Departments must consider the potential to reserve a contract in accordance with the relevant procurement legislation. This applies to services, supplies and works contracts."

Any type of goods, services or works can be reserved. Section 32 of the Procurement Act 2023 provides for reserving contracts to supported employment providers.

A supported employment provider is an organisation that operates wholly or partly for the purpose of providing employment, or employment-related support, to disabled or disadvantaged people where at least 30% of the employees of the organisation (or the part of the organisation that will perform the relevant contract) are disabled or disadvantaged (see section 32(4) of Procurement Act 2023).

[1] PPN 02/21 Procurement of Social and Other Specific Services |Department of Finance (finance-ni.gov.uk)

A supplier must demonstrate to the Contracting Authority's satisfaction that it meets both parts of the definition i.e. the organisation's purpose and the 30% workforce requirement.

Contracting Authorities must use the competitive flexible procedure when carrying out a procurement in which they reserve the contract to a supported employment provider. The competitive flexible procedure must provide for the exclusion of suppliers that do not meet the definition of a supported employment provider. Contracting Authorities are able to apply the test as a condition of participation, or as part of the assessment of tenders, depending on how the procedure is structured.

A Contracting Authority that intends to reserve a contract to supported employment providers is required to identify this in the tender notice, contract award notice and contract details notice.

The first steps to considering the potential to reserve a contract are:

- explore whether it may be possible to reserve the entire contract, part of a contract or a lot within the contract
- assess whether there are organisations in the market who meet the criteria for reserved contracts
- engage with qualifying organisations to raise awareness of the opportunity
- assess the market's capability to meet your requirements through preliminary market engagement
- remove any potential barriers for qualifying organisations where appropriate

Contracting Authorities can also reserve a light touch contract for public sector mutuals, see PPN 02/21 Procurement of Social and other Specific Services for more information.

Further guidance on reserving contracts is available in the Department of Finance's Sourcing Toolkit.

CASE STUDY: RESERVED CONTRACT
Catering and Vending Services at South Lake Leisure Centre

Supplier:	**IncredABLE**
Value and Duration:	Approximately £70,000 income over the initial contract period. Four years with the option to extend for 2 x 12 months.
Brief description of scope of contract:	This was an exciting opportunity for a social enterprise to operate the catering franchise in the Council's new flagship South Lake Leisure Centre (SLLC). Greeting visitors immediately on arrival, the expansive seating areas boasts views of the Craigavon Lakes. The successful tenderer would provide a range of healthy and nutritious meals, snacks and beverages as well as vending services and hospitality and event catering. The successful social enterprise was expected to work closely with Council on 'Get Active' campaigns, encourage healthy eating through its menu offering, minimise waste form its operating activities and offer employment opportunities for people with an intellectual / learning disability.
The process for reserving the contract:	Initial market sounding meetings were undertaken with several social enterprises – the procurement strategy and subsequent Specification was devised based on feedback from these meetings. Once ready to tender, an Expression of Interest (EOI) form was issued via Social Enterprise NI to members as well as the organisations who engaged at the PME stage. The EOI included questions on the charitable status of potential Tenderers. The EOI returns were evaluated and a closed ITT was issued to the shortlisted social enterprises. The ITT period included a supplier open day. The tender returns were assessed and awarded in accordance with the Council's normal procurement procedures. A formal contract with IncredABLE was then signed and sealed by full Council.
Benefits of reserving a contract:	The Council works successfully and collaboratively with IncredABLE, whose social objectives are aligned to that of the Council, whilst contributing positively to the Target Operating Model for SLLC. The contract also enables increased social inclusion and greater access to employment opportunities for people with an intellectual / learning disability. Reserving contracts also increases the diversity of the Council's supplier base. Council was still able to demonstrate that it had achieved value for money through this reserved procurement exercise, as income is similar to that of commercial franchises operating in other Council facilities.

PRELIMINARY MARKET ENGAGEMENT

Key activities to consider at the preliminary market engagement stage:

- Engage with internal and external stakeholders.
- Develop your business case to include this feedback.
- Use the feedback to refine your procurement documents.

Preliminary market engagement (PME) is essential to ensure social value opportunities are maximised. Engaging and collaborating with key internal stakeholders and potential suppliers will help you to better define the subject matter and social value requirements, which will help to avoid complications or unsuccessful tenders.

Through your PME activities you must consider your duty to have regard for SMEs and aim to identify and encourage suppliers to participate that can help to improve service delivery, this should include micro enterprises and Voluntary, Community and Social Enterprise (VCSE) sector organisations.

Key issues to consider and/or discuss with your internal and external stakeholders are:

- Your organisation's overarching social value policy/overall objectives.
- Market capacity and capabilities, particularly in relation to VCSEs.
- Strategies to identify and encourage suppliers to participate that can help to improve service delivery and diversify the supply chain, including social enterprises, micro enterprises, and voluntary and community organisations. Consideration must be given to the potential to reserve the contract.
- The nature, cost and availability of current market solutions, including climate friendly solutions.
- Their feedback on the social value risks and opportunities associated with the product or service.
- Their views on the proposed social value requirements of the contract and how these can be effectively monitored.
- Their feedback on the potential lotting structure.
- Your intended timescale for the procurement.

PME allows potential suppliers to understand and prepare for the tender's demands, which may stimulate more sustainable or innovative solutions. PME is also a good way to communicate your commitment to social value.

Find more information on using PME to 'Think Social' at:

- SPP Regions report on market engagement[2] – providing detailed practical advice on how to engage the market.
- INNOCAT market engagement best practice report[3] – with detailed case studies describing the process of implementation.
- The Resource Centre[4] of the Sustainable Procurement Platform
- Model PME questions relating to scoring social value as part of the award process are available at https://socialvalueni.org/procurement/

[2] https://sppregions.eu/resources/publications/

[3] https://sustainable-catering.eu/fileadmin/user_upload/enewsletter/Documents/INNOCATEngagementReportInteractive.pdf

[4] www.sustainable-procurement.org/resource-centre

COMMUNITY ENGAGEMENT/SOCIAL LICENCE

PPN 01/21 states:

> "It is recommended that Departments consult with communities affected by the procurement to identify the most feasible and beneficial way to promote social value.
> Major capital or infrastructure projects which impact on communities must have a plan for effective community consultation before, during and following the delivery of major capital/infrastructure projects i.e. a social licence workstream."

Social licence is defined as "society's moral and political approval, sufficiently widespread and stable to allow legal approvals to proceed and to assure ongoing community support"[5]. At the level of an individual project, the social licence is rooted in the beliefs, perceptions and opinions held by the local population and other stakeholders about the project and is therefore granted by the community. Major infrastructure projects which do not have social licence tend to face some degree of public opposition, such as Judicial Reviews and the associated costs and delays that accompany this.

Engaging with stakeholders whilst the business case and procurement documents are being developed will help you to understand which Social Value Theme(s) are most relevant to the contract and the Social Value Indicators which will deliver the greatest impact for those communities impacted by the procurement.

Community engagement can be significant in shaping the social value that is delivered through a project. It is important to engage particularly where services are being delivered within the communities, to ascertain what their needs are and how they can best benefit from the project being delivered in their area. You should engage with stakeholders in the community when designing the services and the social value requirements of a contract. (Similarly, it is important that the successful Supplier also engages with the community who are impacted by the project to ensure that the Supplier is tailoring the social value delivered to the issues that matter most to the community.)

This type of engagement ensures that communities where projects are being delivered are part of shaping the social value derived – it is not done 'to' them, but with them. It helps to foster a sense of ownership of the project and to communicate the benefits delivered to communities.

Early engagement on contracts where jobs are likely to be an outcome also allows time for community groups to identify and support people who may wish to avail of the opportunities and to register their organisation on the 'Find a Broker' database on the Social Value Unit's website.

[5] Cleland, Michael. 2013. "Unpacking social licence: Toward a framework for addressing the social licence challenge facing the natural resource sector." Canada West Foundation.

IMPROVING ACCESSIBILITY OF PUBLIC CONTRACTS

As set out in the Procurement Act 2023:

> "(4) In carrying out a covered procurement, a Contracting Authority must—
> (a) have regard to the fact that small and medium-sized enterprises may face particular barriers to participation, and
> (b) consider whether such barriers can be removed or reduced.

This duty applies throughout the procurement lifecycle, so in practical terms, it means that Contracting Authorities will, for example, need to specifically consider through an SME lens:

- whether the requirements they are asking for are proportionate to the contract.
- whether the bidding times are realistic, including for businesses that do not have dedicated bidding teams.
- whether there is a diverse representation of businesses in preliminary market engagement to make sure a Contracting Authority is reaching a wide range of suppliers.

In order to maximise the social value delivered through public contracts in Northern Ireland, PPN 01/21 specifically asks public bodies to design the procurement strategy in such a way so as to actively encourage bids from social enterprises, micro enterprises, and voluntary and community organisations. By doing so, Contracting Authorities can help to build more ethical and resilient supply chains.

Strategy

Steps to take to ensure the procurement strategy is as accessible as possible include:

- Consider dividing the contract into lots.

The Procurement Act 2023 requires you to consider:

(a) whether the goods, services or works to be supplied under the contract could reasonably be supplied under more than one contract, and

(b) whether such contracts could appropriately be awarded by reference to lots.

If it is not deemed appropriate to use lots, the authority must provide reasons for this.

- Consider reserving the contract or part of the contract. PPN 01/21 sets out a requirement that Contracting Authorities should consider the potential to reserve a contract. See Reserving Contracts and the Sourcing Toolkits for guidance.
- Consider if establishing a Dynamic Market is possible, which means the opportunity remains open to new suppliers to join at any time.
- In large procurements, smaller suppliers may express an interest, not because they are planning to be a main contractor, but because they are interested in sub-contracting opportunities. Hold open supplier meetings to provide a forum for potential main contractors and sub-contractors to get together as well as find out more about the project.
- Be open to consortium bids from SMEs, micro enterprises and VCSEs as this is one way in which small businesses can tackle large procurements.

Design

Steps you can take to ensure the procurement design is as accessible as possible include:

- Ensure the complexity of the procurement process, including any pre-qualification process, is proportionate to the size and scale of the requirement.
- Confirm that the tender requirements only ask for the information needed to inform the conditions of participation or evaluation process. Avoid asking for accreditations and standards if they are not needed.
- Keep financial assessments simple and proportionate to the level of risk in the project. For example, the Procurement Act prohibits Contracting Authorities from requiring audited accounts from suppliers (who are not otherwise required by the Companies Act 2006) and from having in place insurance that relates to contract performance in place before contract award.
- Keep tender documentation concise and jargon-free. Make requirements clear and unambiguous. This includes information provided on criteria, sub-criteria and weightings.
- Set a realistic timetable, let suppliers know what it is and keep them informed of any changes. This allows them to assess their involvement and the cost of bidding. Try to avoid slippage as this introduces additional, unplanned costs for suppliers.
- Bear in mind that suppliers new to the public sector may need longer to respond to requests for information than those with more experience. Take this into account in planning and be prepared for more requests for clarification.
- Where possible avoid over-specifying requirements and thus limiting the potential for suppliers to compete.
- Where appropriate, only specify standards or equivalents relevant to each tender, rather than including a standard list as routine.
- Ensure the payment mechanism is structured to assist with cash flow (e.g. establishing payment milestones for key deliverables where tangible benefit can be transferred to the Contracting Authority as opposed to 100% payment on completion of the contract).
- Be clear on what the supplier has to do in responding to the requirement: the types of information required, the format of the response, and the deadline for receipt.
- Provide a contact point for suppliers requiring further information. Ensure the contact point is staffed, ideally by the same people, and all enquiries get a response.
- For small value contracts where it is a requirement to get three quotes, it is good practice to request at least one out of three quotes from a local business or a social enterprise.

BUSINESS CASE

PPN 01/21 sets out the need to consider how social value can be maximised at the earliest possible stage (i.e. prior to business case development).

Better Business Cases NI is the primary guidance for NI Departments on the development and review of business cases. The guidance provides a clear framework for appraising, developing and planning projects and programmes using the Five Case Model to deliver best social value for money.

Supplementary Guidance documents specifically related to incorporating social value and incorporating environmental and climate considerations into business cases is available on the Department of Finance's website.

The supplementary guidance sets out the relevance of these sustainability aspects to each section of the Five Case Model, signposting to the key sources of information where appropriate. The two Supplementary Guidance documents should be read in conjunction, as well as with the Social Value Tool which includes various data sources for quantifying the social and environmental costs and benefits when appraising options.

These should be read in conjunction with other guidance on the Better Business Cases NI website.

ESTABLISHING SUSTAINABILITY RISKS AND OPPORTUNITIES

A useful framework for considering the sustainability risks and opportunities involved in a contract is to examine each of the categories below:

People

The labour profile of a typical supplier's workforce. Does the contract relate to a sector where the work is traditionally seen as low skilled? Are there equality and diversity issues or is this a high growth sector?

Raw materials

The impacts of obtaining raw materials for a product or service. Are there environmental or ethical considerations relevant to using these resources?

Production

The impacts of the manufacturing/construction/logistics processes and labour involved in the delivery of the contract. Does the contract require shift work, lone working, remote working? Is there a high risk of environmental issues associated with the production process?

Sector

The type of organisations that are represented in the market e.g., SMEs/lone traders/VCSEs/large suppliers. Does the requirement welcome bids from the entire market?

Supply Chain

The supply chain involved in a typical supplier's delivery of the contract. Are there opportunities for the inclusion of social enterprises or SMEs in the supply chain? Are there heightened risks of human rights abuses or modern slavery in the supply chain? Is there a heightened risk of security of supply on the contract?

End of Life

The impacts at end of life/disposal of products procured or used in delivery of a service. What will happen when the contract ends or the products involved reach end of life, e.g. reuse, refurbishment, recycle, landfill?

Policies

Your organisation's strategic priorities. How can sustainable procurement help you to meet your organisation's objectives?

When you have identified where the sustainability risks and opportunities are in relation to your contract, you can take action at relevant points throughout the procurement process to address these. An example of this thinking is set out on the next page.

A government department was procuring an End User Devices, Accessories and Services contract worth over £40 million. Pre-procurement engagement and research flagged various sustainability risks associated with the contract:

SUSTAINABILITY RISKS ASSOCIATED WITH THE CONTRACT

Category	Risk	Potential Actions
People	There are known equality and diversity issues within the IT sector.	Notify the market that the tender includes obligations relating to equality duties, which are relevant to the products/services to be delivered. Ask suppliers for evidence of capacity and capability to recruit and retain staff in a fair way. Include initiatives in the Social Value requirements related to equality, diversity and inclusion.
Raw materials	The IT hardware involved throughout all stages of the contract pose heightened ethical and environmental risks.	Check the UK Government Buying Standards re: ICT equipment to inform approach and/or specification. Ask suppliers about innovation / product development plans to increase or improve the recycled content in their products and the recyclability of their products at end of use. For example, is there an option to buy remanufactured devices rather than new. Include initiatives in the Social Value requirements related to Climate Action and Ethical Supply Chains.
Production	There are potentially long working hours and remote working involved for the workforce.	Include reasonable turnaround times in your specification. Include Fair Work in Conditions of Participation. Include initiatives in the Social Value requirements related to Promoting Wellbeing.
Supply Chain	There are complex supply chains involved, increasing the risks of human rights abuses and modern slavery.	Include the Modern Slavery Assessment Tool in Conditions of Participation, where it is reasonable and proportionate to do so.

The procurement team identified the following sustainability opportunities in relation to the contract:

SUSTAINABILITY OPPORTUNITIES ASSOCIATED WITH THE CONTRACT

Category	Opportunity	Potential Actions
Sector	This is a high growth sector with known skills shortages.	Ensure contract is written in such a way that SMEs, micro enterprises and VCSE organisations are encouraged and able to supply. Include initiatives in the Social Value requirements related to knowledge sharing, skills development and in-work progression.
People	A diversity of roles required by the contract, so could be an opportunity for people who haven't worked in the IT sector to be included in the contract.	Ask suppliers if they consider the contract to be suitable for training and employment opportunities for people who are new to the sector. Include initiatives in the Social Value requirements related to employment and training opportunities.
End of Life	Increased recognition of circular IT growing throughout the industry.	Check the UK Government Buying Standards re: circular economy requirement in ICT equipment to inform approach and/or specification. Require supplier to offer solutions throughout the life of the contract to extend the useful life of products through relevant durability, repair, reuse, refurbishment, remanufacturing and innovative solutions. Include initiatives in the Social Value requirements related to Climate Action.
Policies	Increased digitisation of services across the public sector, making digital inclusion very important.	Include initiatives in the Social Value requirements related to digital skills development and cyber security.

CONDITIONS OF PARTICIPATION

Conditions of participation can be used to set requirements to determine whether suppliers have the legal and financial capacity or technical ability to perform the contract. The conditions of participation must be relevant and proportionate to the nature, complexity and cost of the contract. Contracting Authorities must not use conditions of participation to restrict the submission of tenders for below-threshold procurements, but may assess conditions of participation when assessing the suitability of tenders.

You should think carefully about where to include each requirement. In some cases, it may be more appropriate to include some social value requirements in the specification, the conditions of contract or in the award criteria, which encourages bidders to explain how any practices they propose to adopt will positively impact on the way the contract is performed.

When drafting conditions of participation, Contracting Authorities must have regard to the objectives set out in section 12 of the Procurement Act 2023.

Climate

How we procure goods, services and works is a key way to achieve net zero carbon emissions and respond to the climate emergency e.g., by reducing the use of fossil fuels (coal, gas and oil) and/or reuse instead of buying new.

You can consider including climate related conditions of participation in your procurement exercise e.g., environmental management measures that require tenderers to provide a climate reduction plan at this stage. Any climate related conditions of participation must be relevant and proportionate to the subject matter of the contract.

For more information on including Climate Reduction Plans in the conditions of participation see:

- Government Commercial Function's Procurement Policy Note 06/21[6]: Taking account of Carbon Reduction Plans in the procurement of major government contracts
- Scotland's Procurement Journey - What Do I Need to Do on Climate?[7] – which includes two Bidder Climate Change Plan Templates to allow buyers to ask for scalable, proportionate climate information from bidders.

[6] https://www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts

[7] https://www.procurementjourney.scot/climate-emergency/what-do-i-need-do-climate

Fair work

As set out in PPN 01/21 – Scoring Social Value[8]

> Adoption of fair work practices for all workers engaged in the delivery of contracts is now mandatory on all contracts.

Fair work is as per the Carnegie Trust[9] definition and contains 7 measurements. They are:

- **(i)** terms of employment,
- **(ii)** pay and benefits,
- **(iii)** job design and nature of work,
- **(iv)** social support and cohesion,
- **(v)** health, safety and psychosocial wellbeing
- **(vi)** work/life balance and,
- **(vii)** voice/representation (this also includes Trade Union representation).

Here is an example of wording that can be used for this purpose (only for use if fair work requirements are being included in the conditions of participation. Fair work requirements can also be included as a condition of contract.

> The Executive and NICS Departments are committed to the delivery of high quality public services and recognises that this is critically dependent on a workforce that is well rewarded, well-motivated, and has access to appropriate opportunities for training and skills development. In order to ensure the highest standards of service quality in this contract we expect suppliers to take a similarly positive approach to fair work practices.
>
> Tenderers must provide evidence of their positive approach to fair work practices. Please describe your policies which provide fair work practices for workers (including any agency or sub-contractor workers) engaged in the delivery of this contract.

[8] https://www.finance-ni.gov.uk/publications/ppn-0121-scoring-social-value

[9] https://www.carnegie-trust.org/

Modern Slavery

Modern slavery is often a hidden crime involving one person denying another person his or her freedom. It includes slavery, servitude, forced and compulsory labour and human trafficking. Whilst there are laws in place which punish instances of modern slavery, government has the opportunity to use its extensive buying power to help mitigate the risks of it occurring in its supply chain by adopting new processes and procedures, in both procurement and supplier management.

Modern slavery risks can be found in contracts and suppliers of all sizes. However, there are heightened risks in certain industries, types of contracts and supply chains, which you can identify through risk assessments and supply chain mapping.

The Modern Slavery Assessment Tool (MSAT) is a tool which can help public bodies work with their suppliers to implement effective modern slavery due diligence. MSAT is freely available for all public bodies to use with their suppliers.

You can include the MSAT in a contract's Conditions of Participation, **where it is relevant and proportionate to do so.** Here is an example of wording that can be used for this purpose:

> It is the intention of the Contracting Authority to utilise the UK Home Office Modern Slavery Assessment Tool (MSAT) as part of the management of this Contract. Please confirm if your Organisation will comply with the requirements laid out in Section XX of XX.

If you prefer you can set out your specific requirements in regards to the MSAT either in the tender's specification or conditions of contract. (See conditions of contract section below for model text.)

Note: If you choose to include the MSAT in a contract's Conditions of Participation and you are using the Social Value Points approach to score social value, you must make sure that the MSAT is not included as a potential social value initiative in the Social Value Schedule and Delivery Plan.

SPECIFYING SUSTAINABILITY REQUIREMENTS

It is key to sustainable procurement that you specify the minimum sustainable requirements in the specification. Sustainable requirements must be relevant to the work, supply or service being purchased, and not to the general capacities or qualities of the bidder. The specification must be clear and justifiable and not create unnecessary barriers for micro enterprises or VCSE organisations.

Useful resources include the following, (note some of these resources will not be written with the Procurement Act 2023 in mind):

- UK Government Buying Standards
- Scottish Government's Sustainable Procurement Tools
- Republic of Ireland: Environmental Protection Agency's Green Public Procurement Guidance
- European Commission's Green Public Procurement Criteria and Requirements
- WRAP Cymru's Sustainable Procurement Hierarchy

Use of Labels

The Cabinet Office guidance on technical specifications sets out how standards may be used[10].

Labels can be used in two different ways:

- To help draw up the technical specifications/award criteria/contract performance clauses in order to define the sustainability characteristics of the goods or services purchased; or
- To check compliance with these requirements, by accepting the standard as means of proof of compliance[11]

If contracting authorities require specific labels as a way of indicating or demonstrating that suppliers, goods, services or works conform to particular standards, for example, in relation to environmental, social or other characteristics, these requirements like in standards generally, must comply with the provisions for technical specifications and the wider legal framework. For example, if a contracting authority wanted to require an environmental standard as part of an environmental services contract, it would need to consider whether:

a. the label is internationally recognised (if not, equivalents must be accepted);
b. if this is part of the award criteria, it should relate to the subject-matter of the contract and is a proportionate means of assessing tenders, etc.;
c. it fulfils the non-discrimination obligations
d. the requirements are clear in the procurement documents.

Conditions of Contract

You can choose to include sustainability requirements, such as fair work and climate conditions, as a condition of contract rather than as condition of participation.

You can include the social value points approach as conditions of contract, instead of in the award criteria, if you are using the hybrid approach to scoring social value or if you are not required to score social value on your contract. Model text for including social value points as a condition of contract is available at www.socialvalueni.org.

[10] Guidance_-_Technical_Specifications.pdf

[11] Use of labels in public procurement (europa.eu)

Real Living Wage

As set out in PPN 01/21 – Social Value in Procurement:

> "The payment of the Real Living Wage must be included as a condition of contract for all works and service tenders. Costs arising from this condition must be built into business cases and payment mechanisms must reflect that the risk of the cost increase (specifically for the Real Living Wage requirement) will remain with the contracting authority and should not be passed to the Contractor."

It is therefore mandatory for payment of the Real Living Wage to be included as a condition of contract. The Real Living Wage is an estimate of the hourly wage that would provide a full-time worker with a reasonable standard of living calculated by the Living Wage Foundation. For the supply of goods, the living wage requirements will be applicable to contractor staff in this jurisdiction.

Buying Social:
Scoring Social Value

PPN 01/21 mandates:

> "Services and works tenders must allocate a minimum of 10% of the total award criteria to score social value (the remaining available marks should be allocated to cost and quality). This 10% minimum score for social value will apply to contracts for works above the UK Procurement Threshold[12] and contracts for services above £500,000, (inclusive of VAT)."

PPN 01/21 provides a framework which enables Contracting Authorities and suppliers to develop a shared understanding of what social value requirements will be taken into account and how they will be scored.

The framework set out in PPN 01/21 has 4 broad themes:

1. **Increasing** secure employment and skills
2. **Building** ethical and resilient supply chains
3. **Delivering** climate action
4. **Promoting** wellbeing

Contracting Authorities may select indicators from one or multiple themes for inclusion in the scored social value requirements of the contract, in order to reflect the subject matter of the contract and the Authority's strategic priorities.

SELECTING SOCIAL VALUE THEMES AND INDICATORS

To select the most relevant social value themes and indicators to include in the award criteria, you need to identify the risks and opportunities of what is being procured.

A framework for identifying sustainability risks and opportunities is set out above at 'Establishing sustainability risks and opportunities'. You can use the information gathered through this framework and your departmental social value strategy to decide which social value themes and indicators are most relevant to include in the social value award criteria to address these risks and opportunities. The stakeholder feedback collected through your preliminary market engagement (see Thinking Social: the pre-procurement stage) can also help you identify the most appropriate Social Value Theme(s) and Indicators.

[12] PPN 01/21 also mandates: "To maximise the potential for social value in works contracts below the UK Threshold, Departments are required to incorporate at least one indicator in the specification or conditions of contract from the Social Value Themes at Annex A in contracts above £500,000 and below the UK threshold." For more information, please see: www.socialvalueni.org

The table below sets out an example of the risks and opportunities that exist across the subject matter of a contract and suggests the social value themes and indicators that may be included in a contract in response to such risks and opportunities.

Category	Risk	Relevant Social Value Theme(s)	Relevant Indicators
People	Workers tend to be unskilled and earn low wages.	Increasing secure employment and skills.	Indicator 1.4 - Support in-work progression and educational attainment in the workforce, including training schemes that address skill gaps and result in recognised qualifications, to help people to move into higher paid work by developing new skills.
Raw materials	Contract may involve the use of virgin or non-renewable materials.	Delivering climate action.	Indicator 3.7 – Assess and minimise the contract's embodied carbon emissions by minimising use of virgin materials, effective production techniques and effective recovery systems.
Production	The labour involved in the contract requires lone working and/or shift work.	Promoting Wellbeing.	Indicator 4.1 – Build a culture that supports the wellbeing of staff working on the contract.
Sector	There are a limited number of suppliers in the market.	Building ethical and resilient supply chains.	Indicator 2.4 - Support entrepreneurship and social entrepreneurship, including helping new and small organisations to grow.
Supply chain	The supply chain is multi-tiered and includes countries that have a high risk of human rights abuses.	Building ethical and resilient supply chains.	Indicator 2.2 - Commit to ethical supply chains and practices by identifying and managing risks of modern slavery and human rights abuses in the delivery of the contract, including in the supply chain.
End of Life	There is potentially a substantial amount of waste to landfill produced.	Delivering climate action.	Indicator 3.6 – Demonstrate action that supports the circular economy, by minimising waste and extracting the maximum value of resources in the delivery of the contract, including the supply chain.
Policies	The Contracting Authority has a strategic responsibility to protect the environment.	Delivering climate action.	Indicator 3.1 – Deliver additional climate action benefits in the performance of the contract including working towards net zero greenhouse gas emissions and/or contributing to climate adaptation measures.

More detailed guidance related to each individual indicator and the circumstances in which it may be suitable to include can be found in can be found in the Selecting Social Value Indicators guidance document, available in the Procurement section of the Social Value NI website.

Opportunity	Relevant Social Value Theme(s)	Relevant Indicators
Workers are in high demand due to skill shortages in the industry.	Increasing secure employment and skills.	Indicator 1.2 – Create employment and training opportunities in industries with known skills shortages or in high growth sectors.
There is an increased recognition of sustainable sourcing in the market.	Building ethical and resilient supply chains. Delivering climate action.	Indicator 2.2 – Commit to ethical supply chains and practices by identifying and managing risks of modern slavery and human rights abuses in the delivery of the contract, including in the supply chain. Indicator 3.2 - Initiatives that support climate adaptation and mitigation measures to minimise the effects of climate change.
The labour involved in the contract is highly skilled.	Increasing secure employment and skills.	Indicator 1.2 – Create employment and training opportunities in industries with known skills shortages or in high growth sectors.
The market includes new businesses, micro enterprises, VCSEs and/or mutuals.	Building ethical and resilient supply chains.	Indicator 2.3 – Create a diverse and innovative supply chain to deliver the contract including new businesses and entrepreneurs, start-ups, SMEs and VCSEs.
There are a high number of suppliers based in Northern Ireland.	Increasing secure employment and skills.	Indicator 1.1 – Create employment, re-training and other return to work opportunities for those furthest from the labour market and/or from deprived areas.
There is an increased recognition of circular solutions in the market.	Increasing secure employment and skills. Delivering climate action.	Indicator 3.6 – Demonstrate action that supports the circular economy, by minimising waste and extracting the maximum value of resources in the delivery of the contract, including the supply chain.
The Contracting Authority has a strategic responsibility to promote equality of opportunity.	Increasing secure employment and skills. Promoting Wellbeing.	Indicator 1.6 – Increase the representation of disabled people in the contract workforce. Indicator 4.5 – Take action to improve equality, diversity and inclusion in the contract's workforce and throughout the supply chain.

SOCIAL VALUE SCORING MODEL

In order to deliver the social value themes and indicators in a consistent and transparent manner, the social value scoring model has been developed. The scoring model includes standard wording to be included in the tender. The social value scoring model sets out three options for scoring social value depending on the size and nature of the contract:

1 The social value points approach

2 The fixed social value indicator approach

3 The hybrid approach

Each of these approaches to scoring social value are set out below.

Social Value Points

Using social value points ensures social value outcomes are delivered through public sector contracts in a measurable, proportionate and flexible manner.

Each Social Value indicator from PPN 01/21 is broken down into subsequent initiatives. Each initiative has been allocated a number of social value points. (When the Contracting Authority has a clear rationale for doing so, they can amend the points values to reflect their priorities.)

The Contracting Authority decides which of the Social Value Themes and Indicators are relevant to include in their contract, in light of the subject matter of the contract and the Authority's strategic priorities.

When using social value points, it is recommended that multiple Social Value Indicators are selected for inclusion in all contracts.

Contracting Authorities should ensure that sufficient Themes and Indicators have been selected to ensure flexibility and that Suppliers have options as to how they choose to deliver the Social Value (see 'Selecting Social Value Themes and Indicators' above.)

How do Social Value Points work?

The Contracting Authority can tailor the initiatives to meet their Departmental policy aims and social value strategy. (See 'Tailoring Social Value' below.)

The Supplier is required to deliver a minimum of 100 social value points per £1m of contract value (and pro-rata).

The Supplier will have flexibility to choose which indicators they deliver against 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.

For the purposes of evaluation, the Contracting Authority will set out a minimum number of points that the Supplier is required to deliver based on the estimated contract value at the time of procurement. The Contracting Authority may set minimum, mandatory and/or maximum points targets for specific social value initiatives within the Social Value Delivery Plan, which the Supplier can deliver as part of the overall social value requirements on the Contract. These requirements should only be set if they are critical to the Contracting Authority's social value objectives. (Further guidance on this is set out below).

Tenderers will be required to submit a Social Value Delivery Plan setting out how they will deliver the specified minimum number of points with the tender and asked to complete a methodology detailing how they will ensure the required social value points are delivered. Responses should clearly explain how the proposed initiatives will be directly related to the contract. The methodology will evaluate a number of areas including:

- Timescales for delivery of the social value requirements
- The resources, both internal and external, the tenderer will use to plan and deliver the social value requirements (this should include details of suppliers in the supply chain, where applicable).
- The steps you will undertake to deliver the social value initiatives selected within your completed Social Value Delivery Plan, which are directly related to the Authority's contract
- How you will engage with key stakeholders (e.g. the Buyers/Authority, social value beneficiaries, organisations within the voluntary, community and social enterprise sector etc.)
- How the tenderer will monitor and report on the delivery of the social value requirements and address any performance issues.

Model wording for each of the stages set out above is available here.

Social Value Delivery Plan

You will request a Social Value Delivery Plan in response to the social value award criteria when using social value points.

Tenderers will be required to submit the Social Value Delivery Plan, setting out how they will deliver the specified minimum number of points, as part of their response to the Social Value award criteria.

Social Value Delivery Plan templates for each sector are available to download from the Social Value NI website. You will need to edit this Social Value Delivery Plan to ensure it includes only the social value initiatives relevant to your contract. You will also need to include the minimum indicative number of social value points.

Model award criteria for inclusion in the Invitation to Tender and model contract clauses for inclusion as a social value schedule are available to download here.

If appropriate, you can make adjustments to the model evaluation questions and model contract clauses to:

- ensure relevance to the subject matter of the contract;
- respond to feedback gained through preliminary market engagement;
- ensure compliance with the principles of equal treatment, non-discrimination and proportionality; and/or to
- satisfy/achieve specific strategic priorities.

The selected social value award criteria and contract clauses must be clearly incorporated into the tender documents.

All procurement documents should make it clear that bidders will be eliminated if they do not meet the minimum points target and any minimum, maximum or mandatory requirements.

These are the steps you should follow when using the Social Value points approach:

1. Consult your Department's Social Value Strategy to identify any priority groups or initiatives that may be relevant to include in the social value award criteria.
2. Include social value questions at preliminary market engagement to test that the themes and indicators you have selected are appropriate and explore what other opportunities for maximising social value exist.
3. Ensure social value has been incorporated into your business case.
4. Select the relevant social value themes/ indicators to use in the award criteria.
5. Set a minimum number of social value points to be delivered based on 100 points per million pound of contract value.
6. Select your evaluation question and insert this into the evaluation model.
7. Prepare the Social Value Delivery Plan based on the themes and indicators selected. Ensure you have entered the indicative minimum number of social value points and removed any initiatives that are not relevant.
8. If you have included any minimum, mandatory or maximum points targets in the social value requirements make sure that these are made explicit in the award criteria Social Value Delivery Plan and contract performance clauses, including that bidders will be eliminated if these requirements are not met.
9. Ensure contract performance clauses are included in the conditions of contract and the social value award criteria is included in the Invitation to Tender.
10. Develop and include at least one Key Performance Indicator (KPI) related to the social value requirements of the contract for inclusion in the contract documents.
11. Ensure the evaluation panel are familiar with the social value requirements. Training for panel members is available at Social Value NI.
12. Evaluate the responses against the award criteria.

Tailoring Social Value Points

You can choose to refine the Social Value Points requirements to influence how the social value is delivered through the contract, in order to support progress against Departmental strategic priorities. It is important that these requirements are set out clearly within the procurement documents.

Incorporating these options into the social value requirements of the contract allows the Contracting Authority to:

- Incentivise suppliers to work with their priority groups.
- Ensure any social value initiatives the Authority wants to be delivered are set as mandatory or minimum requirements.
- Set a maximum delivery target for certain social value initiatives if the Authority wants to cap the number of points that can be delivered through that initiative.
- *[In regards to works contracts only]* Ringfence a certain value of social value points to be allocated to the delivery of a community based project post contract award.

How to tailor the social value requirements for each of these options is set out below.

Priority Groups

Some indicators within the Social Value Model can be tailored to target the indicator's outcomes specifically to disadvantaged groups which the Contracting Authority is particularly invested in. For example, the Department of Justice has a strategic responsibility for justice and, as a result, may want to target employment, skills and training opportunities to people with a conviction. Consult your Department's Social Value Strategy to check if any Priority Groups have already been identified at an organisational level.

- Using social value points gives Contracting Authorities the ability to incentivise Suppliers to deliver social value outcomes to your priority groups by increasing the social value points the social value initiative is allocated.
- If you are using the Fixed Social Value Indicator Approach, you can encourage suppliers to work with your priority groups by following steps 1 and 2 in the table below.

What is the process for including priority groups in the Social Value requirements of a contract?

You should follow the steps set out in the table below. The Department of Justice example mentioned above is worked through in the table to show how these steps apply in practice

1. Define the priority group(s)	People with a conviction		
2. Update the Priority Group clause in the Social Value Schedule	***X.X Contracting Authority's Priority Groups*** For a person to qualify as a member of the Contracting Authority's Priority Groups, the Supplier must ensure that they satisfy one of the following categories: • a person with a conviction		
2. Include a line to reflect the inclusion of a priority group and increased Social Value Points under each appropriate Social Value Indicator in the: **a. Social Value Points Matrix** **b. Social Value Delivery Plan**	**Social Value Initiative**	**Amount**	**Social Value Points (pro-rata)**
	Paid employment		
	for people who face barriers to employment	52 person weeks of FTE	75
	for a person who fits a Contracting Authority priority group as detailed at XXX		90
	Work Placements		
	for people who face barriers to employment	4 weeks FTE	10
	for a person who fits a Contracting Authority priority group as detailed at XXX		15

Mandatory or minimum requirements

Mandatory, minimum or maximum requirements should only be set when they are critical to the Contracting Authority's objectives. If these requirements are set, all procurement documents should make it clear that bidders will be eliminated if they do not meet these requirements.

A mandatory requirement means that the Supplier must deliver that initiative as part of the contract. This works well for initiatives that are binary – they are either delivered or they aren't – i.e. action plans. For example, the Authority may consider a Packaging and Waste Action Plan as essential to the social value requirement of the contract and select to make this a mandatory requirement.

A minimum requirement means that the Supplier must deliver a set % of the social value points through that initiative or group of initiatives. For example, the Authority may want to guarantee that digital skills development and educational attainment support/training is delivered by the Supplier.

Maximum requirements

When a Contracting Authority wishes to cap the number of points that a Supplier can earn through one initiative or a subset of initiatives, the Authority can set a maximum % of social value points for that initiative(s).
For example, the Authority may want to limit the number of social value points a Supplier can obtain through financial donations to support people to gain recognised qualifications.

Ringfenced points *[in relation to works contracts only]*

A Contracting Authority may choose to either:

- mandate that a certain value of social value points will be ringfenced for the delivery of a community-based project, which is defined post contract award and via community engagement; or,
- allow the Supplier to select to ringfence a set value of social value points for the delivery of a community-based project, which is defined post contract award and via community engagement.

In either case, the Supplier must commit to engaging with the community/Authority on award of the contract to determine how those points will be met in a way that best meets the needs of the community.
A separate Social Value Delivery Plan will be submitted to outline how the project or initiatives meet the points value and must be approved by the Authority.

Benefits of Social Value Points

- With some procurements it is difficult to fully assess if certain social considerations are feasible as each tenderer's solution may be different (e.g. labour requirements may be unknown, TUPE may apply etc.) therefore, having a system that provides the Supplier with choice represents a low risk approach.
- The social value requirements are linked to the subject matter of the contract, since the Contracting Authority has selected those initiatives which are relevant.
- Targets are based on the invoiced value which ensures proportionality.
- All Suppliers are required to report on progress using the Social Value monitoring system.
- Using social value points sets quantifiable social value outcomes which supports effective contract management. Contract Managers have a clear understanding of exactly what is required to be delivered and can quickly assess Supplier performance via monitoring reports.
- It is clear for all suppliers how much social value is required to be delivered.
- Tenders are evaluated on a qualitative assessment basis thereby not disadvantaging VCSEs and microbusinesses.

Lessons Learned

Since the publication of PPN 01/21 in 2021, procurement teams have shared the following feedback on best practice when using the social value points approach:

- Tailor the social value requirements to suit the specific buyer's needs. Linking social value requirements to strategic priorities, business plans, departmental strategies etc. will maximise social value outcomes.
- Be careful of the overlap between the indicators under Theme 3.
- When selecting indicators under Theme 4, consider if there is a health & wellbeing risk on the contract and whether the contract workforce is of a suitable size to allow for meaningful delivery.
- Check overlap with PPN 03/21 and PPN 05/21 and remove Fair Work and/or Human Rights initiatives if sufficiently covered elsewhere in the tender documentation.
- Think about and try to limit the number of actions plans that you are including across the themes (if applicable) in relation to the number of social value points required.

Fixed Social Value Indicator Approach

Social Value Points may not be suitable due to the characteristics of the specific contract or framework. Where it is not suitable to use social value points, the following approach may be used.

What is the Fixed Social Value Indicator Approach?

- The Contracting Authority selects the most appropriate indicator(s) from PPN 01/21 based on the risks and opportunities analysis, the priorities set out in the Departmental social value strategy and the subject matter of the contract.
- Bidders are required to set out a methodology for how they will contribute towards this indicator in the delivery of the contract. It is a qualitative evaluation.
- The award criteria will set out suggested social value initiatives which bidders may use; however, bidders can include other relevant initiatives.
- Unlike the social value points approach, there are no targets for delivery against initiatives. Bidders must set out in their response quantifiable metrics which are proportionate for their company/ organisation to deliver.

It may be more suitable to use the Fixed Social Value Indicator Approach, when there is limited opportunity to meaningfully deliver a range of social value points initiatives for example:

- The contract is very technical or specialist in nature;
- The contract is inherently social* in nature;
- There are security or other restrictions on the contract.

Before selecting this approach, you should have a clear rationale for not using social value points.

As set out in PPN 01/21,

> "A minimum weighting of 10% of the overall award criteria should be applied to social value."

*The Social Value Unit continues to develop guidance on approaches to scoring Social Value on contracts that are inherently social in nature and delivered by the Voluntary, Community and Social Enterprise sector. Get in touch to find out more: socialvalueni@sibni.org

These are the steps you should follow:

1. Include social value question at preliminary market engagement stage to get feedback on the most appropriate themes and indicators.
2. Ensure social value has been incorporated into the business case.
3. Review the Annex in PPN 01/21 and select the indicator(s) that is most suited to your contract.
4. Insert the social value award criteria based on the selected indicator(s) in the procurement documents. Model award criteria and model supplier guidance for inclusion in the Invitation to Tender are available to download from the Social Value NI website.
5. If more than one indicator is selected, agree the percentage score for each indicator.
6. Ensure relevant contract performance clauses are included in the procurement documentation.
7. Take steps to encourage quantifiable responses, e.g. supplier engagement sessions to build suppliers' understanding of what is included in a good response.
8. Develop and include at least one Key Performance Indicator (KPI) related to the social value requirements of the contract for inclusion in the contract documents.
9. Ensure the evaluation panel are familiar with the social value requirements. Training for panel members is available at Social Value NI.
10. Evaluate the responses against the model evaluation criteria.

Model wording for each of the stages set out above is available to download from the Social Value NI website.

Hybrid Approach

On some contracts, a hybrid approach may be used to maximise Social Value outcomes. For example, if the Contracting Authority would like to encourage innovation in relation to a particular social value indicator, or if the contract is high value and there is significant market maturity in relation to social value delivery. This approach involves:

Including a requirement to deliver Social Value points as contract performance clauses in the Conditions of Contract; and,

Using the Fixed Social Value Indicator Approach to score Social Value, selecting an indicator(s) to focus on particular risks or opportunities on the contract.

Careful consideration should be given to ensure selecting this approach is appropriate for the contract. If you would like to explore using the Hybrid approach, please contact the Social Value Unit via socialvalueni@sibni.org.

SCORING SOCIAL VALUE ON FRAMEWORKS

If you are establishing a framework, you should ensure the terms of the framework allow you to score social value at Call-Off stage. If there is not going to be a secondary competition, social value can be scored at framework level. When planning to score social value at framework level you should take time to consider the best way to approach this.

If you are calling-off an existing framework where social value was not included as part of the criteria for establishing the framework, it cannot be included as part of the award criteria at Call-Off stage. You should record your reason for not scoring social value. You should also consider other ways that you can incorporate social value into your contract. From 24th February 2025 the threshold for scoring social in services contracts is £500,000. You should check the terms of the framework carefully to establish if social value can be scored at call-off stage.

When scoring at framework or at call-off, you can use the social value points approach. The Contracting Authority sets an indicative number of social value points for bidders to base their response on for the purpose of scoring. Post award, the supplier will deliver 100 social value points per £1 million (pro-rata) based on the invoiced value of the contract.

In some cases, it may be more appropriate to include social value as a condition of contract.

PPN 01/21 states:

> "Where Frameworks have i) no guaranteed level of spend; or ii) the guaranteed level of spend is not greater than £500,000, a Contracting Authority can include social value as a condition of contract in lieu of scoring."

For advice on including social value in frameworks please contact SIB's Social Value Unit via socialvalueni@sibni.org.

SOCIAL VALUE IN PROCUREMENT GUIDANCE FOR PUBLIC BODIES

SCORING SOCIAL VALUE ON LOTS

Each lot is an individual contract. It is mandatory to allocate 10% of the award criteria to Social Value in works contracts where the Procurement Regulations apply and in services contracts over £500,000.

When scoring social value on lots, the Contracting Authority should follow the guidance above to select the most appropriate approach. The default position is the Social Value Points approach in which the Contracting Authority sets an indicative number of social value points for bidders to base their response on for the purpose of scoring. Post award, the supplier will deliver 100 social value points per £1 million (pro-rata) based on the invoiced value of the contract.

There may be some instances when the characteristics of the contract mean the Fixed Social Value Indicator approach is required. In these cases, follow the relevant guidance above or contact the Social Value Unit via socialvalueni@sibni.org for support.

EVALUATING SOCIAL VALUE

Where social value is a scored part of the contract panel members assess and score the quality of the social value response at evaluation stage, in the same way as they do for any other evaluation criteria designed to assess quality.

Resources for evaluators, including an on-demand training webinar is available to access on the Social Value NI website.

Panel members consult the scoring matrix that was included in the contract's Invitation to Tender. Panel members must award marks against the objective, non-discriminatory scoring criteria set out for each scoring band on a tender by tender basis (i.e. quality responses must not be compared against each other for the purpose of scoring).

Here are some tips that can help evaluate social value:

1. Familiarise yourself with the award criteria, relevant schedule, the tenderer's response and relevant clarification responses.
2. Check the bidder has met the minimum points and has confirmed that they will meet any mandatory requirements if these have been included. If they have not met these requirements, their response will be eliminated.
3. Do not comparatively evaluate tenders.
4. Check the tenderer's response is in the correct format (as set out on the procurement documentation).
5. The tenderer's social value response should relate to this contract only.

- Fully address all parts of the award criteria e.g. timescales for delivery, specific activities to deliver the initiatives (i.e. if they have selected digital skills training - what topics will be covered, how they will find participants, who will deliver it), metrics, monitoring and performance management arrangements.
  - Are specific to the contract. Higher marks should not be awarded for generic corporate policies. Suppliers can deploy an existing policy/program BUT must demonstrate the specific commitment they make to this contract/how the policy/program will be deployed.

Example Scoring Matrix

You should develop a social value scoring matrix to suit the procurement, to ensure transparency and allow objective assessment of tenderers' responses against the Social Value criteria.

When the market has capability and maturity in relation to delivering social value, Contracting Authorities may choose to set a minimum threshold for the social value criteria (e.g. a tenderer's response will be rejected if they score 2 or below for the social value criteria).

An example Scoring Matrix is provided on the following page for **reference only.**

Criteria for awarding score	Score
Excellent: Excellent response that has addressed all of the requirements of the criteria. Leaves no doubt as to the capability and commitment to deliver what is required. The response comprehensively addresses how the tenderer will deliver the social value requirements.	5
Good: Good response that refers to all of the requirements of the criteria. The response addresses all aspects of how the tenderer will deliver the social value requirements, although further details are required to be fully comprehensive.	4
Adequate: Adequate response that refers to the majority of the requirements of the criteria. There are no significant areas of concern. The response addresses most aspects of how the tenderer will deliver the social value requirements.	3
Limited: Limited response that only refers to a minority of the requirements of the criteria. The response is limited because of one or all of the following: • There is at least one significant issue needing considerable attention. • The response is not directly relevant to the question. • The response makes limited reference to how the tenderer will deliver the social value requirements.	2
Poor: Poor response that makes negligible reference to the requirements of the criteria. The response is poor because of one or all of the following: • There are multiple significant issues needing considerable attention. • The response is not directly relevant to the question. • The response makes scarce reference to how the tenderer will deliver the social value requirements.	1
Invalid: The response fails to address any of the requirements of the criteria or no response has been provided.	0

Managing Social:
the contract management stage

Where Social Value requirements are included in the contract they must be enforced. Social Value requirements must be adequately managed to ensure that they are delivered in line with contract commitments and that best value for money is achieved. This applies whether they are included as award criteria or elsewhere in the contract.

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

As set out in PPN 01/21:

> "The successful delivery of social value should form part of effective contract management to ensure all parties fully meet the requirements specified in the contract. Regularly monitoring the delivery of social value will ensure contractual requirements are delivered and best value for money is achieved. It will also allow for full assessment of the social value impact and benefits delivered."

KEY PERFORMANCE INDICATORS

In line with PPN 01/21 at least one KPI related to social value should be included in the contract. KPIs which should be clearly drafted, achievable and reflect the importance of the Social Value to the project as a whole.

The project manager/contract manager must ensure the Contractor's performance against KPIs is carefully monitored and appropriate action taken under the provisions of the contract to hold Contractors to account who fail to deliver the social value commitments. The KPIs included should be specific to what social value requirements have been included in the contract. Some examples are detailed below - these are for illustrative purposes only:

- % of buildings meeting energy efficiency targets
- % decrease in co2 emissions
- % of materials and products diverted from landfill for re-use
- Number of social enterprises used in the contracts supply chain
- % of the contract workforce are people with a disability

Contract managers can take steps to effectively manage the social value requirements of their contract:

- **Get up to speed**

  Review the specific Social Value requirements which have been included in the procurement documents and the Supplier's bid proposal so that you know the detail of the social value requirements of the contract. You should also check the specification and conditions of contract for any social value requirements and ensure that these are managed.

- **Set the direction**

  Reinforce the importance of delivering social value from the start, e.g. review the social value requirements with the Supplier at the Contract Initiation Meeting.
  Make sure the supplier is clear on how social value will be monitored and the social value KPI for the contract.

- **Keep it on the agenda**

  PPN 01/21 states:

> "Contract managers should ensure social value is part of the agenda for contract review meetings."

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

- **Be curious**

  Ask the Supplier questions about what they are currently delivering and the activities they plan to deliver in the future. Who are they working with? How are they planning for success? Who will benefit from the social value initiative? Is the supplier paying the living wage and meeting the mandatory fair work requirements?

- **Encourage collaboration**

  Often, social value initiatives with the most impact are designed and delivered in collaboration, with partners from across the public, private and VCSE sectors. Direct the Supplier to the Find a Broker database on the Social Value NI website, which can help them identify relevant contacts.

- **Use the monitoring reports**

  The reports emailed to you from the Social Value Monitoring System show you how much Social Value the Supplier has delivered to date, and you can then understand if they are on track to meet the contract requirements. If they are not on track, ask them what their plan is as part of ongoing contract management discussions.

- **Address poor performance**

  Discuss any risks of under achievement with the Supplier and put a plan in place to mitigate the risk. Consult with the Social Value Unit if you have questions.

- **Celebrate success**

  Telling others about positive social value initiatives that have made a difference is inspiring and celebrates a Supplier's success. The Social Value Unit can help you write a case study to share across your organisation and with key stakeholders.

PPN 01/21 requires Departments to

> "Publish case studies to show the impact of social value."

'Find a Broker

The 'Find a Broker' section 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 sector, geographical area, job role and employee characteristics to help Contractors find a suitable organisation to help them meet their particular Social Value requirements.

SOCIAL VALUE MONITORING SYSTEM

There is a robust Social Value monitoring system in place so that, at intervals as stated in each contract, the Supplier must provide a report on their Social Value requirements, e.g. details of the number of weeks of work experience delivered or the number of hours of health and wellbeing initiatives delivered as a result of the contract.

The monitoring reports generated by the system will allow the Contracting Authority to understand who the beneficiaries of each social value outcome has been, including a breakdown to include any priority groups. In this way, the Social Value monitoring system reports can be used to achieve and report delivery against Contracting Authority strategic priorities.

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

1. Once a contract with Social Value requirements has been awarded, you must inform the Social Value Unit at SIB by submitting the Notification of Contract Award form (available to download from the Social Value NI website).
   You will also need to inform the Unit if the contract term has been extended and when the contract has completed.
   You can contact the Social Value Unit at socialvalueni@sibni.org.
2. The Unit will set up the contract in the Social Value Monitoring System, prepopulating the Social Value requirements included on the contract, and issue the Supplier with login details and guidance on how to update the monitoring system.
3. The Supplier will receive a reminder to update the report; however, Suppliers can log in to the monitoring system at any time.
4. Suppliers record their progress to date. (There is also a notes section which Suppliers should be encouraged to use to record any efforts that they have made to fulfil their Social Value requirements).
5. 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 Social Value requirements.

A few things to look out for:

- For Social Value employment opportunities, Suppliers must get consent forms completed & returned to the Social Value Unit for individuals who meet requirements.
- End dates need to be added to the monitoring system when employment opportunities end.
- All activity should be contract specific. Generic Corporate Social Responsibility policies can not be accepted.
- Depending on the length of the contract, an updated social value delivery plan may be required (check the social value schedule).
- Some clauses will require suppliers to agree the scope of planned activity with the Authority prior to delivery.
- Encourage suppliers to use the notes section of the monitoring system, especially if activities are taking place but targets have not yet been met.

Data protection

Where paid employment is being delivered Data Protection Legislation, including GDPR, should be complied with and a data protection consent form should be signed by all beneficiaries. The Contractor, at contract award, shall enter into a Data Processing Agreement with the Strategic Investment Board.

Social Value

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