EMBEDDING SOCIAL VALUE IN CENTRAL GOVERNMENT SPENDING

GUY BATTLE CEO
SOCIAL VALUE PORTAL

GARETH RHYS WILLIAMS CABINET OFFICE
ROSE LASKO-SKINNER DEMOS
ANGELA HALLIDAY SODEXO
JOSH PRITCHARD REFORM

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#NSVC20
EMBEDDING SOCIAL VALUE IN CENTRAL GOVERNMENT SPENDING

GARETH RYHS WILLIAMS GOVERNMENT CHIEF COMMERCIAL OFFICER, CABINET OFFICE
How to use Public Procurement to Build a Fairer Britain

Rose Lasko-Skinner & Ben Glover
Why Demos?

- We listen to people, from all walks of life
- We’re authentically cross-party
- We innovate and look forward
Why Procurement?

- Longstanding champion of social value.
- Procurement underutilised as means to buy positive economic change.
- Potential for cross-party support.
The government could more effectively ‘buy economic change’ by more deeply embedding social value into the procurement process for the provision of goods, works and services.
13% GDP
What is the public sector procuring?

Source: Spend Network, 2019
A ‘mission-led’ approach to procurement could be used by central government to respond to a range of national challenges including tackling in-work poverty, reducing carbon emissions and clamping down on aggressive tax avoidance.
Case study example

CO² Performance Ladder
The Netherlands
Social value legislation remains underutilised by procurement teams and procurement policy uncoordinated across government.
73.5% of strategic suppliers in 2017/8 had operations in tax havens.

Source: Demos, 2019
There is a lack of transparency and accountability in public procurement.
of tenders were published on Contracts Finder in 2018.

Source: Spend Network, 2019
Despite efforts, public procurement markets remain relatively uncompetitive.
18% of market dominated by the 25 strategic suppliers.

Source: Spend Network and Open Opps, 2019
Recommendations

1. Government should establish priority social value standards.
Central government departments should include ‘social value bare minimum standards’ that are pass or fail in the pre-qualification criteria.
Procurement Process:

1. Develop contract
2. Set specifications and evaluation criteria
3. Open invitations for tender
4. Round 1: Pass or fail
5. Round 2: Full bid evaluated
6. Award contract
A more transparent procurement market can help contracting authorities procure better, and make markets more competitive. Current standards need more teeth.
The NAO should create an annual ‘league table’ ranking departments transparency, with the bottom three departments having to make an oral statement to the House.
1. Government should establish priority social value standards.

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

3. The NAO should conduct an annual ‘league table’ ranking of departments, with the bottom three departments having to make an oral statement to the House.
How to use Public Procurement to Build a Fairer Britain

Rose Lasko-Skinner & Ben Glover
Embedding Social Value in Government spending

National Social Value Conference, January 2020

Angela Halliday, Director Social Impact UK&I
It’s part of our DNA

Impact = QoL services

Respond effectively to Government Procurement Strategy

Demonstrate effective use of public monies

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

Value Propositions – Clients, Employees, Communities, Society

Create Change – deepen our approach / impact

Sodexo’s priority will be to articulate added value, gather insight, record, measure and publish social accounts and evidence – hold ourselves to account!
Our ‘Social Value Toolbox’

Some examples

**Personal & Home Services**

- The Social Value Portal
- Sodexo Quality of Life Services

**On-Site Services**

- SoTogether: Facilities Management
- Disability Confident Leader
- Benefits & Rewards

**SME Inclusion Programme**

- Waste2Zero Winner 2019
- Armed Forces Covenant Gold Award 2017
- FTSE4Good
- IWMF Awards 2019 Finalist
- Springboard Awards for Excellence 2019 Shortlisted

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

Consistently capture and report social value activities.

Build on 4 Ethical Principles:
- Business Integrity
- Loyalty
- Transparency
- Respect for people
Social Value Toolbox – key drivers

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

Copy in your Conference Packs

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

We identified nine commitments and clear objectives for 2025 to guide our roadmap, in accordance with the United Nations Sustainable Development Goals (SDGs).
Our 2018 Impact……

Our overall median gender pay gap is **13.3%**

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

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

**41** Trainees with a disability secured work in our Healthcare segment

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

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

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

**35%** of our purchasing spend is with SMEs – all contracts
How can we focus on areas that are being left behind?

EXTRACT: Sodexo Case Study
Supporting people who have been ‘left behind’ or from deprived areas – Allenby Connaught (MoD) Contract

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

Key observations

- IMD Data allowed us to identify areas that needs most support
- Ability to prioritise job creation areas
- Helps to differentiate contracts, and prioritise activities
**Case Study – Allenby Connaught (MoD) Jobs Mapping**

1,621 postcodes mapped in total

<table>
<thead>
<tr>
<th>National Deprivation</th>
<th>Allenby Connaught Employee Deprivation</th>
<th>National LSOA Deprivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severe deprivation</td>
<td>1.85%</td>
<td>10%</td>
</tr>
<tr>
<td>High Deprivation</td>
<td>9.44%</td>
<td>20%</td>
</tr>
<tr>
<td>Mild Deprivation</td>
<td>21.96%</td>
<td>20%</td>
</tr>
<tr>
<td>Low Deprivation</td>
<td>66.81%</td>
<td>50%</td>
</tr>
<tr>
<td>Mild-Severe Deprivation Total</td>
<td>33.25%</td>
<td>50%</td>
</tr>
</tbody>
</table>

- **33.25%** of all jobs in Mild to severe areas of deprivation
- Drilled down sub-regionally e.g. Aldershot, rose to **54.7%**
- Compare & contrast shows we employ a higher % of people from deprived areas than live in the areas themselves
- Whilst good – happen by chance?
- If known in advance, what incentives could there be to do even better?
Once a contract has been awarded to a Tier 1 supplier
- Establish a **need analysis** of the zone around the site: identify severe and high deprivation areas

Consider what should be **targeted** in those areas? **Weight rewards accordingly depending on need / legacy**
- Jobs / Apprenticeships
- Schools & mentoring
- Supply Chain spend/Meet the buyer events/Provide technical and professional support
- Employment and employability support for marginalised groups
- Environmental / Sustainability – local impact
- Community donations & volunteering hours
How do we create more social value?
How can strategic suppliers help Central Government to deliver more Social Value?

### Key Issues/Considerations

<table>
<thead>
<tr>
<th>How do we measure and report social value?</th>
</tr>
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<tbody>
<tr>
<td>How can we account for social value across departments?</td>
</tr>
<tr>
<td>How do we engage more SMEs and VCSEs?</td>
</tr>
<tr>
<td>How do we deliver against National challenges? (rather than just local)</td>
</tr>
</tbody>
</table>
How do we share benefits and promote collaboration?
How can we allocate value?

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

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

- **NB:** TOMs framework has been developed to support above….

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

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

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

Angela.Halliday@Sodexo.com
Tel: 07818 561 942

Quality of Life Services
Social Value in Action
Back Pocket
Slides only

Available online post-conference
Meaningful Social Value.....

- Identified Social Value activity
- Less tangible / evolving Social Value activity
- Anticipating demand – evolve our approach

Important to prioritise areas of greatest impact/need; align to government / industry priorities – Meaningful whereby social value does not become a tick box exercise! What matters??
How can strategic suppliers help Central Government to deliver more Social Value?

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

Example of TOMs Framework Themes:
- **Jobs**: Promote local skills & employment
- **Growth**: Supporting growth of responsible regional business
- **Social**: Healthier, Safer & more resilient communities
- **Environment**: Protecting and improving our environment / sustainability
- **Innovation**: Promoting social innovation
Social Value – Strategic approach to local impact

• Creating, supporting **diverse supply chains**

• **Skills and Employment**

• **Environmental Sustainability** – align to local and global priorities (SDGs)

• **Inclusion and Wellbeing** – engaging marginalised groups; improving safety & health of individuals/communities

• Anticipating and **responding to evolving policies and priorities** e.g. areas/individuals being ‘left behind’; emerging policies & themes (e.g. loneliness)’ Civil Society strategy; Industrial Strategies; Outsourcing Playbook (v2) etc

_Sodexo: Quality of Life Services_
TOMs

Measuring and Reporting Social Value
The National TOMs

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

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

Addressing the needs of communities

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

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

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

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

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

Key observations

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

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

Key additions and changes include:
- A focus on jobs from areas of deprivation or ‘left behind’
- Diverse supply chains added in
- More focus on inclusion and wellbeing
- We have kept community in
- 25 year environmental plan added
- Cyber security added in
Shared value across departments

Attributions
Shared Value across departments

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

We like this because:
- Allows us to understand that the potential scale of our contribution is not small
- Allows us to promote cross department collaboration
- Provides us with a clear business case for our C-Suite and Investors
## Attributions – breakdown example

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Measure</th>
<th><strong>INDIVIDUAL</strong></th>
<th><strong>COMMUNITY</strong></th>
<th><strong>PUBLIC SECTOR</strong></th>
<th>Units</th>
<th>Social Value Proxy</th>
<th>DWP (transfer payments in parenthesis)</th>
<th>NHS</th>
<th>HM Revenue and Custom</th>
<th>HM Treasury (transfer payments in parenthesis)</th>
<th>Courts (and Legal Aid)</th>
<th>Police</th>
<th>Prison (and Young Offenders Institute)</th>
<th>Probation</th>
<th>Other Criminal Justice Agencies</th>
<th>Local Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>More disadvantage people into work</td>
<td>NT5 (NT)</td>
<td>54%</td>
<td>11%</td>
<td>36%</td>
<td>no. people FTE</td>
<td>£15,857 (30%)</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>0.14%</td>
<td>0.37%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£12,138.03</td>
<td>£2,387.02</td>
<td></td>
<td>£117</td>
<td>£330</td>
<td>£156</td>
<td>£31</td>
<td>£84</td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£7,669 (£6,787)</td>
<td>£163</td>
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</tr>
</tbody>
</table>

### Outcomes

- **Individual**: % of value captured by the proxy
- **Community**: % of value captured by the proxy
- **Public Sector**: % of value captured by the proxy

### Measures

- **NT5 (NT)**: No. of employees (FTE) taken on who are **rehabilitating young offenders** (18-24 y.o.)

### Results

- **54%**
- **11%**
- **36%**

### Units

- **No. people FTE**
- **£15,857 (30%)**
- **£12,138.03**
- **£7,669 (£6,787)**
- **£22,644 (£6,787)**

### Social Value Proxy

- **£163**
- **£117**
- **£330**
- **£156**
- **£31**
- **£84**
Case Study

Additional Info
Case Study – Allenby Connaught Local Mapping (Aldershot)

<table>
<thead>
<tr>
<th>Aldershot Radius Deprivation</th>
<th>Allenby Connaught Employee Deprivation</th>
<th>Rushmoor Levels of Deprivation</th>
<th>Southeast Regional Deprivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severe deprivation</td>
<td>0.0%</td>
<td>0.0%</td>
<td>3.03%</td>
</tr>
<tr>
<td>High Deprivation</td>
<td>19.51%</td>
<td>15.52%</td>
<td>11.36%</td>
</tr>
<tr>
<td>Mild Deprivation</td>
<td>35.06%</td>
<td>22.41%</td>
<td>17.86%</td>
</tr>
<tr>
<td>Low Deprivation</td>
<td>45.43%</td>
<td>62.07%</td>
<td>67.75%</td>
</tr>
<tr>
<td>Mild-Severe Deprivation Total</td>
<td>54.7%</td>
<td>37.93%</td>
<td>32.25%</td>
</tr>
</tbody>
</table>
Case Study – Allenby Connaught, Regional Mapping

- Warminster: 197 postcodes
- Larkhill: 433 postcodes
- Tidworth: 757 postcodes
- Aldershot: 328 postcodes
# Case Study – Allenby Connaught Local Mapping (Aldershot)

<table>
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![Map of Aldershot area](image-url)
PANEL DISCUSSION:
EMBEDDING SOCIAL VALUE IN CENTRAL GOVERNMENT SPENDING

ROSE LASKO-SKINNER DEMOS
ANGELA HALLIDAY SODEXO
JOSH PRITCHARD REFORM
QUESTIONS

• In the context of recent consultation, how can government manage the procurement process to get the best possible social value bids and outcomes?

• Where can government see opportunities to advance broader policy goals?
QUESTIONS

• How will/can government create an “even playing field” when evaluating tenders, and subsequent contract management?

• Will procurement, and subsequent contract management procedures account for an evolving (social value) landscape?

• At what stage would it be most valuable to introduce social value evaluation?
QUESTIONS

• What imperatives are needed to ensure that suppliers and commissioners’ approach social value consistently, transparently and effectively

• How can it encourage innovation & creativity

• What risks are foreseen in increasing quality evaluation around social value?
QUESTIONS

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

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