

Social Value in Government Procurement: A consultation on how government should take account of social value in the award of central government contracts

Response prepared by the GLA Group Central Responsible Procurement Team on behalf of the GLA Group

June 2019

Introduction

The GLA Group Responsible Procurement (RP) programme has been established since 2005 and delivered a number of social, environmental and economic outcomes. In June 2017 the Mayor published an updated GLA Group Responsible Procurement (RP) Policy¹. This high level strategic policy sets out the GLA Group's plans, ambitions and commitments for ensuring continuous improvement in London. It is supported by a Responsible Procurement Implementation Plan² which details the actions and targets which will be delivered each year of the plan. It is delivered through the Group's procurement activities, which support the delivery of the Mayor's commitments and related strategies. Signatories to the RP Policy are the Greater London Authority (GLA) and its Functional Bodies.

The GLA Group spends around £11 billion on its procurement activities every year. The scale and diversity of buying power presents considerable opportunities for effective partnership working, to achieve value for money and encourage innovative approaches.

It should be noted that GLA Group is represented at the National Social Value Task Force and has also contributed to their response.

Summary

We welcome the opportunity to participate within this consultation and are pleased that Government is committed to delivery of Social Value outcomes. It is encouraging to see Central Government colleagues drawing on examples of best practice in local government where teams are closer to local delivery and have a developed understanding of local needs and dynamics.

We agree that there should be a framework for themes and policy metrics but find the proposed metrics in the model limited in their approach to certain key social value areas, for example, environmental sustainability, ethical sourcing and embedding fair employment.

We agree that the proposed approach for a minimum 10% weighting for social value is useful, but also note that other mechanisms may be equally or even more effective in driving social value outcomes. We would welcome flexibility for procurers to choose the most effective approach for a specific contract. Government could also consider a mechanism to allow for justification for not including social value criteria, which will prevent irrelevant contracts containing disproportionate requirements with little or no added social value and would mitigate risks of potential challenge to evaluation criteria. We agree that relevance and proportionality are key considerations for implementing social value. We agree that the procuring authority should have the freedom to choose the themes relevant and proportional to the subject matter of the contract.

¹ www.london.gov.uk/rp-policy

² https://www.london.gov.uk/sites/default/files/gla_group_rp_ip_final_for_publishing.pdf

The GLA Group believes that SMEs/VSCs may not have the same level of resources to be able to compete with larger organisations in terms of preparing quantitative or qualitative bid responses and monitoring SV implementation over the contract period.

In order for existing procurement policy mandates to be more effective and integrated within their commercial processes, we would propose that government consider reporting on the effectiveness of their implementation amongst public bodies for example, Social Value outcomes, which would encourage their precedence when implementing social value through procurement.

We encourage the Cabinet Office to give further thought to the implementation of the approach to social value. We note the intention to train commercial buyers and this is also one of the measures within the GLA Group policy. However, it will be important that the Cabinet Office puts robust monitoring and governance arrangements in place to oversee the implementation of this policy as this approach has been successful in delivering outcomes for the GLA Group.

The consultation has not made any comment about how the government's proposed approach for social value will be reflected in framework agreements let by the Crown Commercial Service (CCS). Given the high usage of frameworks within public bodies we would welcome explicit inclusion of social value within frameworks.

Overall we support the direction of travel included in this consultation. However following a thorough review of the high level themes within Annex A of the consultation document, we feel that the environmental sustainability theme is lacking in detail and that the theme of increasing social integration is missing as a headline theme. We would also urge the Cabinet Office to promote the real Living Wage, healthy workplaces and go further to encourage equality and diversity. We would not support cyber security being included under the high level key themes and policy outcomes section.

Responses to the consultation questions

Question 1: Do you agree with the proposed policy metrics in the model in the attached annex? Do you have examples of such metrics being successfully used in public procurement?

We agree that there should be a framework for themes and policy metrics but find the proposed metrics in the model limited in their approach to certain key social value areas, for example, environmental sustainability, ethical sourcing and embedding fair employment.

The GLA Group Responsible Procurement Policy themes and commitments cover six key areas:

1. Enhancing social value
2. Encouraging equality and diversity
3. Embedding fair employment practices
4. Enabling skills, training and employment opportunities
5. Promoting ethical sourcing practices
6. Improving environmental sustainability

We have mapped these to the current proposed Government policy themes (see Appendix 1) and find several areas where the themes and policy metrics could be expanded. The areas highlighted in yellow in the table in Appendix 1 suggest areas where the GLA has made commitments that have either greater breadth or depth. The GLA Group recommends that these areas be considered in any national government approach.

The GLA Group also recommends that both a qualitative assessment and quantitative targets are utilised to assist in the evaluation of a bid and ensure that delivery can be easily monitored and measured.

The GLA Group has some advanced metrics which it uses to measure policy implementation. A key example being how TfL measures the delivery of skills and employment outcomes created within contracts through its Strategic Labour Needs and Training requirements.

Strategic Labour Needs and Training – Metric Example

Transport and infrastructure sectors in the UK are facing significant skills shortages. HM Treasury's [National Infrastructure Plan for Skills](#), published in September 2015 forecast an anticipated shortage of 55,000 skilled workers by 2020. To address this, the Department of Transport issued its [Transport Infrastructure Skills Strategy](#) in January 2016, which committed to the creation of 30,000 transport infrastructure apprenticeships between 2016 and 2020. TfL aims to make a significant contribution to this target, through its Strategic Labour Needs and Training (SLNT) initiative, as part of our Responsible Procurement programme.

When suppliers are invited to tender, they are asked to outline how they plan to incorporate at least one SLNT output for every £2 million (services) or £3 million (works/infrastructure) of contract spend. A method statement (qualitative) outlining their approach to meeting the SLNT outputs ensures that both quantity and quality are evaluated at the tender stage.

By embedding the following SLNT outcomes into supplier contract requirements, we aim to generate skills and influence employment outcomes:

SLNT output options

- One apprenticeship start
- One unemployed job start
- 20 days of industry placement positions or taster days
- 20 days of schools engagement activities
- 10 days of industry placement positions for individuals identified in the definition of improving social mobility

Suppliers also run placements and visit schools to talk about what they do. This helps to spark interest and encourage understanding in young people about science, technology, engineering, and maths (STEM) subjects, and their role in the transport sector.

Since the project was initiated in 2009, TfL's supply chain has created over 5,500 apprenticeships and 5,000 jobs for unemployed Londoners.

Question 2: Do you agree that the proposed minimum 10% weighting for evaluating social value in the bid is appropriate?

We agree that the proposed minimum 10% weighting offers a useful approach for effectively realising social value outcomes. However, there are alternative approaches which may be equally or more effective, depending on the circumstances of the contract being let. These include evaluating social value on a pass/fail basis, using minimum thresholds which all bidders must meet, and including specific social value requirements in contract terms and conditions, rather than as part of the tender stage. We would encourage government to consider how these alternative mechanisms could also be factored into the proposal.

With respect to a minimum threshold, it would be useful for procurers to have the flexibility to increase this above 10% where appropriate. Doing so may provide a mechanism for suppliers

to differentiate their offers as part of the bid process to further demonstrate 'added value'. We believe that more in-depth guidance on how social value may be included in different contract types should be provided by the Government in order to support this. Equally, the Government could consider a mechanism for social value criteria to not be included, dependent on appropriate recorded justification, which will prevent irrelevant contracts containing disproportionate requirements with little or no added social value. For example, adding social value requirements into a low value, desk-based consultancy contract might not be proportionate and could hinder the delivery of the most economically advantageous tender.

The GLA Group does not believe that the application of a 10% weighting for social value will necessarily level the playing field for SMEs and VCSEs as stated within the consultation document, however it may increase access to procurement opportunities if applied appropriately. Further Government guidance should be produced to enable this.

Question 3: Does the proposed approach risk creating any barriers to particular sizes or types of bidders, including SMEs or VCSEs? How might these risks be mitigated?

The GLA Group believes that SMEs/VSCEs may not have the same level of resources to be able to compete with larger organisations in terms of preparing quantitative or qualitative bid responses and monitoring SV implementation over the contract period. Procurers require clear guidance to ensure that they adhere to the principles of proportionality and relevance in order not to overburden contracts which may be most relevant to SMEs and VSCEs. Additionally we believe that Government should provide programmes to assist SMEs with accessing Government contracts and consider establishing schemes such as supply chain mentoring.

Question 4: How can we ensure government's existing procurement policy mandates (for example on levelling the playing field for SMEs) take precedence in designing the procurement?

As the GLA Group Responsible Procurement programme has successfully delivered social, economic and environmental outcomes since its inception in 2005, we believe that government will not only, be able to meet its existing procurement policy mandates but also provide significant benefits to other government departments (notably the Department of Health, Ministry of Justice, the Department for Environment, Food & Rural Affairs, the Department for International Development and the Ministry of Housing, Communities and Local Government) through implementing social value.

We believe implementing social value in procurement will support the delivery of the following government procurement policies:

- Procurement policies in support of enterprise and growth: 1) Prompt payment and performance reporting; and 2) Supporting apprenticeships and skills through public procurement
- Greening Government Commitments, including embedding Government Buying Standards (GBS)
- Plan for the public procurement of food and catering services
- Procurement policies for improving construction procurement

In order for existing procurement policy mandates to be more effective and integrated within their commercial processes, we would propose that government consider reporting on the effectiveness of their implementation amongst public bodies, for example number of apprenticeship starts on a construction contract, which would encourage their precedence when implementing social value through procurement.

Appendix 1: GLA Group Responsible Procurement commitments mapped to the proposed Government Themes, Outcomes and Metrics.

Relevant GLA Group Responsible Procurement Commitments	Proposal on Social Value Themes for Central Govt Procurement		
	Themes	Policy Outcome	Proposed Policy Metrics (for monitoring delivery of outcomes) could include:
<p>2 Encouraging equality and diversity</p> <p>a. Removing barriers in our procurement approaches and processes that inhibit Small to Medium Enterprises (SMEs), community sector organisations, diverse enterprises and under-represented groups from easily entering our supply chain.</p> <p>b. Paying our suppliers promptly and paying SME suppliers within 10 working days, in recognition of their specific challenge around cash flow, and encourage our supply chain to adopt supporting practices.</p> <p>c. Identifying opportunities to encourage our suppliers to employ a workforce that is representative of the diversity of London’s population and provide services that are inclusive. We will seek to work with organisations (and their supply chains) that have a good track record and can clearly demonstrate promoting equality and diversity within their own organisations.</p> <p>d. Maximising relevant opportunities to work with voluntary and community sector organisations including social enterprises in supply and service delivery.</p>	<p>Diverse Supply Chains</p>	<p>Ensuring supply chains are accessible to all types of businesses, including SMEs and VSCEs</p>	<ul style="list-style-type: none"> - Number, value and percentage of spend of prime and sub-contracting opportunities won by SMEs and VSCEs in relation to the contract - Number of pre-market engagement activities to be carried out to create a diverse supply chain in relation to the contract - Number and type of supply chain development activities to be carried out to create a diverse supply chain in relation to the contract
			<p>Ensuring supply chains are accessible to all types of businesses, including businesses owned or led by under-represented groups, such as women, BAMEs and people with disabilities</p>
<p>4 Enabling skills, training and employment</p> <p>a. A relevant focus in contracts on training and employment opportunities, including apprenticeships, training leading to qualifications, placement positions and engagement with schools and colleges.</p> <p>b. Addressing skills shortages in key industry sectors through working with our suppliers to ensure that they create the skills and employment outcomes needed to maintain a high standard of delivery of our services to the community.</p>	<p>Skills and Employment</p>	<p>Improved employability and skills</p>	<ul style="list-style-type: none"> - Number of full-time equivalent employment opportunities to be created, in relation to the contract, including for those who: <ul style="list-style-type: none"> * are apprentices * are disabled * have health conditions * are women * are mothers returning to work * are rehabilitating young offenders (18-24) or ex-offenders * were previously long term unemployed (unemployed for a year or longer, aged over 25) or who were not previously in employment, education or training (aged 18-24) * are from a BAME background * are armed forces veterans * are care-leavers - Of those employment opportunities created, the number of full-time equivalent employment opportunities to be retained in relation to the contract

Proposal on Social Value Themes for Central Govt Procurement			
Relevant GLA Group Responsible Procurement Commitments	Themes	Policy Outcome	Proposed Policy Metrics (for monitoring delivery of outcomes) could include:
			<p>*throughout the contract, and *beyond the contract end date</p> <p>- Number and type of training opportunities to be created, in relation to the contract, including those resulting in recognised qualifications (e.g. BTEC, City & Guilds, NVQ, HNC - Level 2, 3, or 4+) and apprenticeships (Level 2,3, and 4+)</p> <p>- Number of work placements, pre-employment courses, paid/unpaid student placements, or paid internships of 6 weeks or more to be created in relation to the contract</p>
<p>6. Improving environmental sustainability</p> <p>a. Giving priority to circular procurement options and business models that maximise value from products and services for as long as possible, keep long term expenditure down, use sustainable materials, and reduce financial and asset disposal risks. We will encourage and trial materials innovation to keep materials in circulation for longer to reduce consumption of resources.</p> <p>b. Applying relevant environmental or sustainability standards to support delivery of target outcomes relating to climate change mitigation and energy, food, water, materials and waste, air quality, adaptation and biodiversity as a minimum. We will lead by example by working with suppliers to go beyond minimum requirements within Government Buying Standards (GBS) and EU Green Public Procurement criteria (GPP) where possible, for relevant product groups and services.</p> <p>c. Encouraging suppliers through selection processes to adopt processes and procedures to reduce their environmental impact. This includes certification to independent environmental accreditation schemes such as ISO14001, BES6001, others as relevant, including emerging standards, or their equivalent, where relevant and proportionate.</p> <p>d. Ensuring that the need to meet the Mayor's ambitious greenhouse gas and air pollution reduction targets are given appropriate priority in procurement decisions. We will identify opportunities for reducing emissions that contribute to climate change and poor air quality associated with purchases of products, works and services. This includes sourcing of low carbon energy wherever possible and phasing out the use of fossil fuels from our fleets, prioritising phase-</p>	<p>Environmental Sustainability in support of the 25 Year Environmental Plan</p>	<p>Environmental impacts are reduced</p>	<p>- Annual percentage by which environmental impacts will be reduced in the delivery of the contract, from the baseline to be established in the first year of the contract (e.g. waste to landfill, water consumption, greenhouse gas emissions)</p> <p>- Number and type of initiatives to reduce environmental impacts in relation to the contract</p>

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<p>out of diesel, and transitioning to zero or ultra-low emission vehicles.</p> <p>e. Applying whole life cost assessments of products and services in order to gain a better understanding of the full costs and benefits over the relevant lifetime.</p> <p>f. Encouraging the uptake of walking and cycling including by their employees, customers and suppliers, and working with suppliers to improve the safety of cyclists and walkers.</p>			
<p>3.Embedding fair employment</p> <p>g. Establishing the Mayor’s Good Work Standard with employers as a key part of our dialogue with suppliers, encouraging them to join the scheme and requiring that all suppliers have fair terms of pay, including the London Living Wage, to the extent permitted by law.</p>	<p>Inclusion, staff mental health and wellbeing</p>	<p>Ensuring businesses in the supply chain encourage improved gender pay balance</p>	<p>- Prime contractor's mean gender salary pay gap for staff in relation to the contract</p> <p>- Number and type of initiatives to be put in place to reduce the gender pay gap for staff employed in relation to the contract</p>
<p>4 Enabling skills, training and employment</p> <p>a. Working with our supply chain to address under-representation of diverse groups, including women, disabled people, younger and older people, LGBT people and people from a Black, Asian and minority ethnic background.</p> <p>b. Requiring our suppliers to target relevant opportunities to people experiencing barriers to employment such as long-term worklessness, disability, mental health issues, being ex-offenders or ex-service personnel, and communicating those opportunities to local communities.</p>		<p>Ensuring businesses in the supply chain encourage increased representation of people with disabilities in the workforce</p>	<p>Percentage of people with disabilities to be employed in relation to the contract, as a proportion of the total workforce employed on the contract</p> <p>- Percentage of people with disabilities to be on apprenticeship schemes in relation to the contract, as a proportion of total apprentices employed in relation to the contract</p> <p>- Percentage of people with disabilities to be on other training schemes in relation to the contract, as a proportion of total apprentices employed in relation to the contract</p>
		<p>Ensuring businesses in the supply chain encourage increased Black, Asian and Minority Ethnic (BAME) representation in the workforce</p>	<p>- Percentage of BAME people to be employed to deliver the contract, as a proportion of the total workforce employed in relation to the contract</p> <p>- Percentage of BAME people to be on apprenticeship schemes to deliver the contract, as a proportion of total apprentices employed in relation to the contract</p> <p>- Percentage of BAME people to be on other training schemes to deliver the contract, as a proportion of total apprentices employed in relation to the contract</p>
		<p>Ensuring businesses in the supply chain</p>	<p>- Percentage of suppliers to Tier 2 in the supply chain to deliver the contract (including the prime contractor) that will implement the mental health core standards for all companies and also</p>

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Relevant GLA Group Responsible Procurement Commitments	Themes	Policy Outcome	Proposed Policy Metrics (for monitoring delivery of outcomes) could include:
		encourage inclusion and improved staff mental health and wellbeing	<p>the mental health enhanced standards for companies with more than 500 employees, as set out in Thriving at Work: the Stevenson Farmer Review on Mental Health and Employers.</p> <p>- 'Percentage of suppliers to Tier 2 in the supply chain to deliver the contract (including the prime contractor) that will implement the recommendation for reporting publicly on mental health and wellbeing contained in the Government's guidance, "Voluntary reporting on disability, mental health and wellbeing: A framework to support employers to voluntarily report on disability, mental health and wellbeing in the workplace".</p>
<p>1.Enhancing Social Value</p> <p>a. We will consult and work with service users, communities and the supply market to improve the design and production of our works and services contracts that have an impact on the community so that outcomes are delivered in the most efficient manner, including through innovative solutions.</p>		Ensuring businesses in the supply chain encourage more cohesive communities	- Initiatives to support community engagement in the design and/or delivery of the contract
<p>3.Embedding fair employment</p> <p>a) Working with our suppliers to understand (and regularly assess) the terms on which people working in our supply chain are employed and to ensure they are not improperly exploitative or unlawful. We will work with suppliers to ensure that our service requirements do not result in the inappropriate or exploitive use of 'zero hours' contracts for low paid, low skilled roles, or in any other employment practices that exploits people working in our supply chain.</p>	Safe and Secure Supply Chains	Cyber security risks are reduced	<p>- Number and type of initiatives in place, to Tier 2 in the supply chain, to protect against cyber security risks in the delivery of the contract</p> <p>- Number of staff to receive training on identifying and managing cyber security risks in relation to the delivery of the contract.</p>
		Modern slavery risks are reduced	<p>- Number and type of initiatives throughout the supply chain to identify and manage the risks of modern slavery occurring (i.e. supply chain mapping, staff training, contract management) in relation to the contract</p> <p>- Number of supply chain audits to be undertaken in the supply chain, to identify and manage the risk of modern slavery occurring in relation to the contract</p> <p>- Number of people employed to Tier 2 in the supply chain to identify and manage the risk of modern slavery occurring in the supply chain, in relation to the contract</p>
<p>5.Promoting ethical sourcing practices</p> <p>a) Adopting the nine provisions of the Ethical Trading Initiative's Base Code, or equivalent, as the standard we expect of our suppliers to support working conditions that are legal, fair and safe.</p> <p>b) Operating to appropriate animal welfare standards in the management of our own animals and ensuring our suppliers and their sub-contractors operate to these standards.</p>			

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