

Social Value within MOD Procurement



Specialists in Social Value

Working in partnership with



Specialists in Procurement

Terminology

- **Social Input**

The **income and in-kind** support into an organisation that is used to deliver the outputs

- **Social Outputs**

The **activities** that organisations deliver (number and frequency)

- **Social Outcomes**

The **change** that the activities have on stakeholders

- **Social Impact**

The **difference** that the organisation makes that benefits society

- **Social Value**

The **financial and non-financial** value to society that the impact makes

- **Local Value**

The value created within a **Community/Local Authority/IMD postcode area**

- **Social Worth**

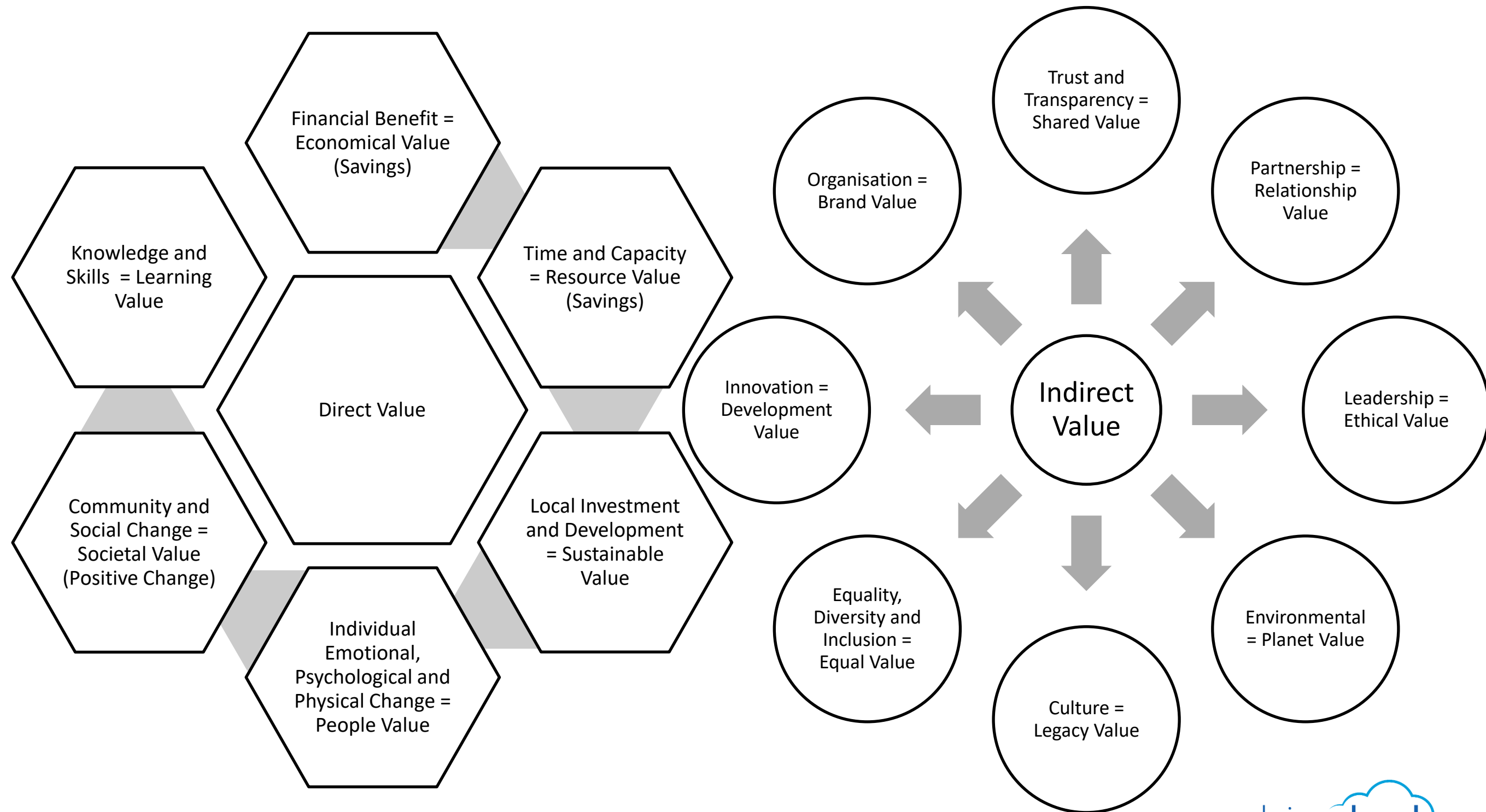
The **legacy** to stakeholders

- **Value Capital**

The **legacy** for society



Where is the value?



Challenges



Limited
Understanding



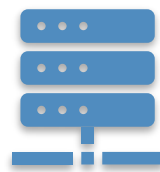
Inconsistent
Understanding and
Implementation



No longer
General/Boiler Plate



Whose value is it
anyway?



Contract Specific



Positioning

10% +

Minimum weighting of Government
Tenders (MOD)

20% +

The weighting applied by Local Authorities
and Government Agencies

60%

Maximum weighting of Government
Tenders (IT Framework)

The Difference

Framework

- Organisational position, compliance and commitments linked to securing new business are required.

Direct Award

- Focused on developing and delivering contract-specific value during the contract period. Commitment focused.

Supply Chain

- Linked to partner requirements and contracting authority. Commitment focused.

Central Government

- Focused on qualitative value and policy outcomes, Commitment focused.

Focus on:

‘80 / 20 Rule’

‘Only value created
through the contract
counts’

How can you compete?



Small change,
big impact



Agile and fast-
moving



Local and
Connected



Relevant and
Proportionate



Focused on
the future and
not on the
past

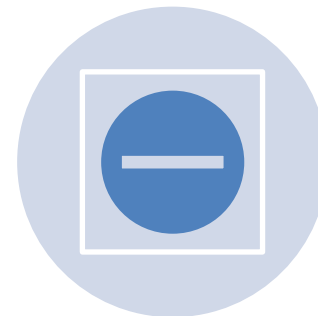


Slow start –
Big finish

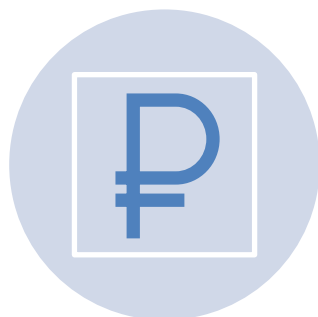
Procurement Act 2023



Simplify the bidding processes to make it easier to bid, negotiate and work in partnership with the public sector - including a new 'competitive, flexible' procedure.



Make commercial frameworks **more open so prospective suppliers** are not shut out for long periods of time.



Remove bureaucratic barriers for smaller businesses and VCSEs so they can compete for more contracts - with strengthened provisions for prompt payment throughout the supply chain, enabling you to benefit from 30-day payment terms on a broader range of public sector contracts.



Require public bodies to provide **consistent feedback for suppliers**: a requirement on public bodies to provide bid assessments for final tenders

Procurement Act 2023

- **Purpose:** Modernise and streamline procurement processes, emphasising public benefit and social value.
- **Public Benefit as a Priority:** The Procurement Act shifts the focus from the Most Economically Advantageous Tender (MEAT) to the Most Advantageous Tender (MAT).
- **Transparency and Accountability:** It will ensure that social value commitments are monitored and reported throughout the contract lifecycle, with the public having access to these details. Suppliers will be held accountable for delivering on their social value promises, and non-compliance may result in public exposure of failed outcomes.
- **Emphasis on Sustainability and Social Impact:** Alignment with the Social Value Model.
- **Flexibility for Social Enterprises and SMEs:** The new regulations aim to reduce barriers for smaller businesses and social enterprises by simplifying the procurement process.
- **Reserved contracts for public procurement,** specifically for social enterprises, cooperatives, and SME suppliers.
- **Flexible thresholds,** enabling contracting authorities to make decisions that favour local businesses or social enterprises.
- **Public sector bodies** are encouraged to engage early with smaller suppliers.
- **Required to provide more targeted** guidance and support to smaller suppliers, helping them to demonstrate their social value and sustainability credentials.
- **Encourage contracting authorities** to engage with local supply chains, prioritising suppliers that have strong ties to the local economy.

MOD Priorities

- **Tackling Economic Inequality:** Creating opportunities for SMEs and disadvantaged groups.
- **Fighting Climate Change:** Reducing carbon footprints and advancing green technologies.
- **Equal Opportunity:** Supporting diversity, equality, and fair treatment in supply chains.
- **Well-being:** Enhancing mental and physical health for communities impacted by defence activities.
- **Community Cohesion:** Building stronger relationships between military and civilian populations.

Review and Discuss



Theme 2: Tackling economic inequality

- **MAC2.1:** Create opportunities for entrepreneurship and help new organisations to grow, supporting economic growth and business creation.

- **MAC2.2:** Create employment and training opportunities, particularly for those who face barriers to employment and/or who are located in deprived areas and for people in industries with known skills shortages or in high-growth sectors.

- **MAC2.3:** Support educational attainment relevant to the contract, including training schemes that address skills gaps and result in recognised qualifications.

MAC 3.1: Create a diverse supply chain to deliver the contract including new businesses and entrepreneurs, start-ups, SMEs, VCSEs.

- **MAC 3.2:** Support innovation and disruptive technologies throughout the supply chain to deliver lower cost and/or higher quality goods and services.

- **MAC 3.3:** Support the development of scalable and future-proofed new methods to modernise delivery and increase productivity.

- **MAC 3.4:** Demonstrate collaboration throughout the supply chain and a fair and responsible approach to working with supply chain partners in the delivery of the contract.

- **MAC 3.5:** Demonstrate action to identify and manage cyber security risks in the delivery of the contract including your supply chain.

Method Statement

- ‘Method Statement’, stating how you will achieve this and how your commitment meets the Award Criteria?
- How will you manage your performance, including underperformance and partners?
- A timed project plan and process, including how you will implement your commitment and by when?
- How you will monitor, measure and report on your commitments/the impact of your proposals?
 - timed action plan
 - use of metrics
 - tools/processes used to gather data
 - reporting
 - feedback and improvement
 - transparency

Common Mistakes

Business as usual / Boiler Plate

They will not check!

Historical delivery

Focus on donations / Volunteering

No geographical focus

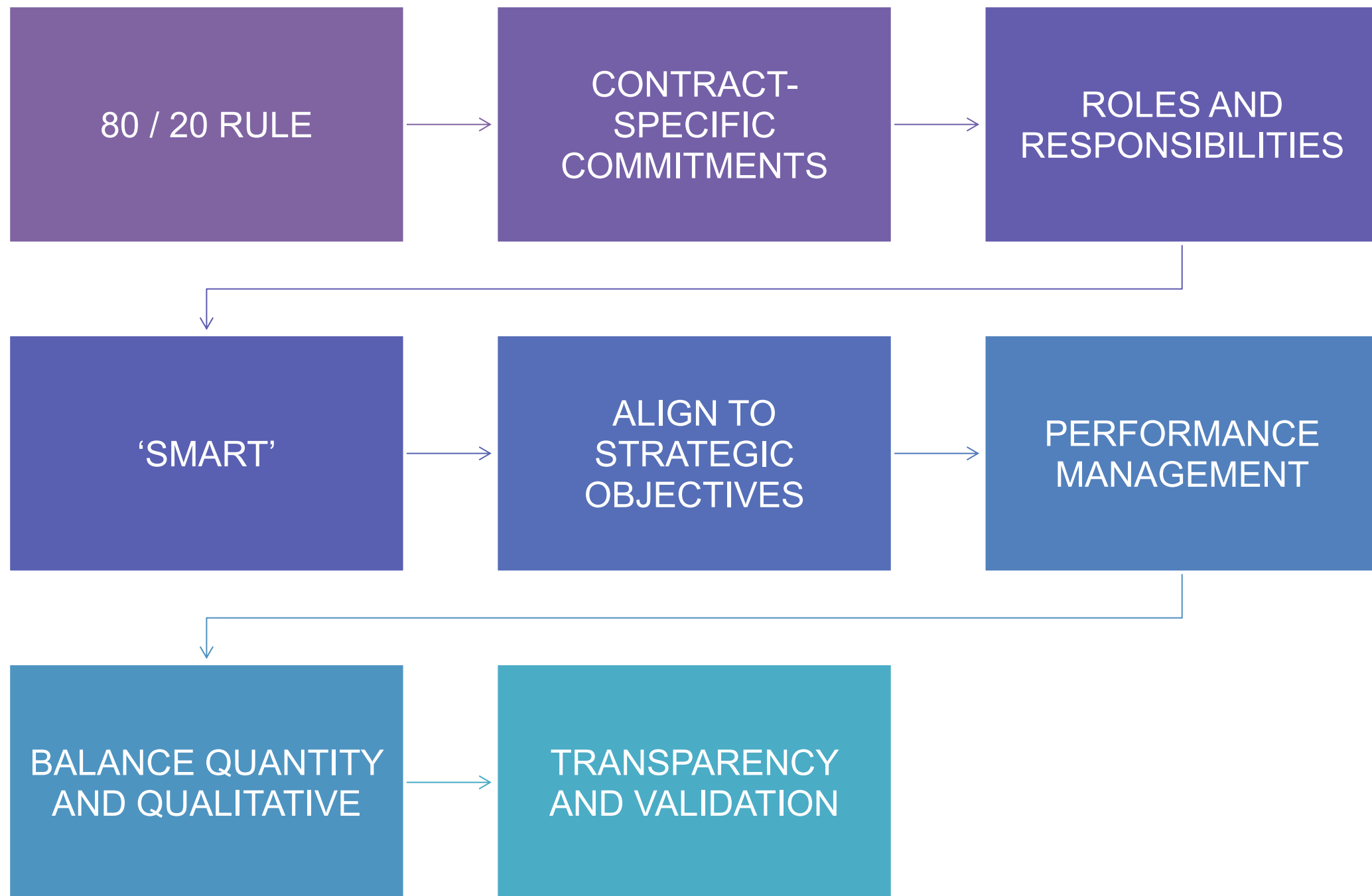
No strategic alignment

Local needs analysis

No ownership or responsibility

Social Value in isolation

What does good look like?



Quick Wins

Executive Sponsor and Social Value Lead

Cross Department Development Group

Social Value Identify and Legacy

Social Value Theme owners

Establish UK-specific Key Value Indicators

Partnerships

Expenditure profiling and auditing

Staff profiling

Standards/Initiatives

- Fair Payment Code
- Mental Health at Work
- Disability First
- Race at Work
- Gender Pay gap reporting
- Buy Social
- Social Value Standard

Action Plan

- Create a social value definition and legacy statement
- Strategic sponsorship, not donations
- Commit to Carbon Net Zero 2038/Monitoring
- Recycle electrical equipment/energy efficient
- Be 'code efficient' and engage environmentally friendly data centres
- Manage travel – Go Virtual
- Commit to 'skilled' mentoring and 'skills exchange in commitments
- Commit to unconscious bias, mental health at work training
- Commit to research/maintain sector average for protected characteristics
- Create a modern slavery policy and publish
- Commit to 'buy local and social'
- Map your supply chain: where are they, what type, and how much?
- Create Procurement assessment criteria
 - Supply research – Environmental, social, and ethical credentials
- Sign up for Fair payment code
- Confirm/commit to living/real living wage
- Commit to equal pay for gender/ethical
- Define/commit to mandatory and non-mandatory training
- Know the value of actions
- Align to:
 - Fair Payment Code
 - Mental Health at Work
 - Disability First
 - Race at Work