



Presented by



In conjunction with



Social Value vs. Sustainable Procurement

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Radical Collaboration

#SVC23

Panel



Professor David Loseby
Professor
Leeds University Business
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Dr Sandra Hamilton
Steering Committee Member
Mayor Andy Burnham's Real Living
Wage City Region Campaign



Rachel Lemos
Executive Director, Supply Chain
BC Ferries



Professor Jane Lynch
Director: Centre of Public Value
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Defining social value & sustainable procurement

In its simplest form **SV**: “the value that an organisation contributes to society”


Social procurement is defined as a procurement approach whereby social and environmental impact is as decisive as the value of the service and product demanded. The social procurement concept is also referred to as “innovative procurement”, “responsible procurement” or “socially responsible public procurement.”

Source: ILO

Green Procurement : “We buy environmentally friendly goods and services by considering environmental performance over the entire life cycle of goods and services purchased, along with other criteria such as price, availability, quality, and performance.

Federal Government of Canada

Some SV context...

 The UK government now requires that social value is evaluated as part of the tender process for most of its biggest outsourcing contracts – some of which are worth billions of pounds. Under the Public Services (Social Value) Act 2012, when scoring bids, government awards up to 10% of marks for social value – a margin that can make the difference between success and failure.

 EU Policy: Public authorities can engage in socially responsible public procurement by buying ethical products and services, and by using public tenders to create job opportunities, decent work, social and professional inclusion and better conditions for disabled and disadvantaged people.

With the following principles and definition of SRPP in the EU buying guide:

- to promote employment opportunities (for example, youth employment, gender balance, long-term unemployed, migrants, people with disabilities);
- to promote decent work;
- to promote compliance with “social and labour rights”, including collective agreements
- to support social inclusion and equality;
- to support universal access, and;
- to take into account ethical (fair) trade.

Sustainable procurement- many definitions and divergences

“Our analysis included identifying definitions of sustainable procurement, shown in Table 1. Looking across the countries, 12 countries (40% of OECD countries) do not offer a definition in the documents we identified. Amongst the countries where we identified definitions, 10 countries (33%) refer to green purchasing or procurement (GP). However, 8 countries (27%) refer to social, environmental and economic issues in their definitions, providing a more rounded view of sustainable procurement beyond green purchasing. This suggests that for those countries that do offer definitions of sustainable procurement, it is still relatively common to focus on green purchasing, rather than specify social or ethical issues as part of the definition”.

Walker, H., Mayo, J., Brammer, S., Touboulic, A. and Lynch, J., 2012, August. Sustainable procurement: an international policy analysis of 30 OECD countries. In 5th International Public Procurement Conference (pp. 3556-3582).

Some sample definitions...

Netherlands

“Sustainable Public Procurement is defined as taking into account environmental and social aspects in all phases of any procurement or tendering process financed by public money. With regard to environmental aspects, it concerns the impact on the environment, for example from using energy, reducing waste during the production process or using recyclable materials. With regard to social aspects, it concerns issues like child labour, human rights and fair trade”.

SEE

New Zealand

“Sustainable public procurement means Government agencies must consider long-term economic viability, minimizing environmental impact and being socially responsible when procuring goods, services or works at all stages of the project. Instead of considering only the Day One price, they must consider the comparative costs and benefits of products and services throughout their operational life”.

SEE, LC

Canada

“Social procurement is the practice of leveraging purchasing power to realise socio-economic objectives by including socio-economic measures within procurement processes. These objectives can include enhancing market competition, job creation, and economic and social advantages stemming from purchases from small and medium enterprises, social enterprises or social purpose organisations. They can also include encouraging the conduct of socially responsible business and advancing diversity and inclusion”

(<https://www.tpsgc-pwgsc.gc.ca/app-acq/pas-posp-eng.html>)

Federal Government of Canada

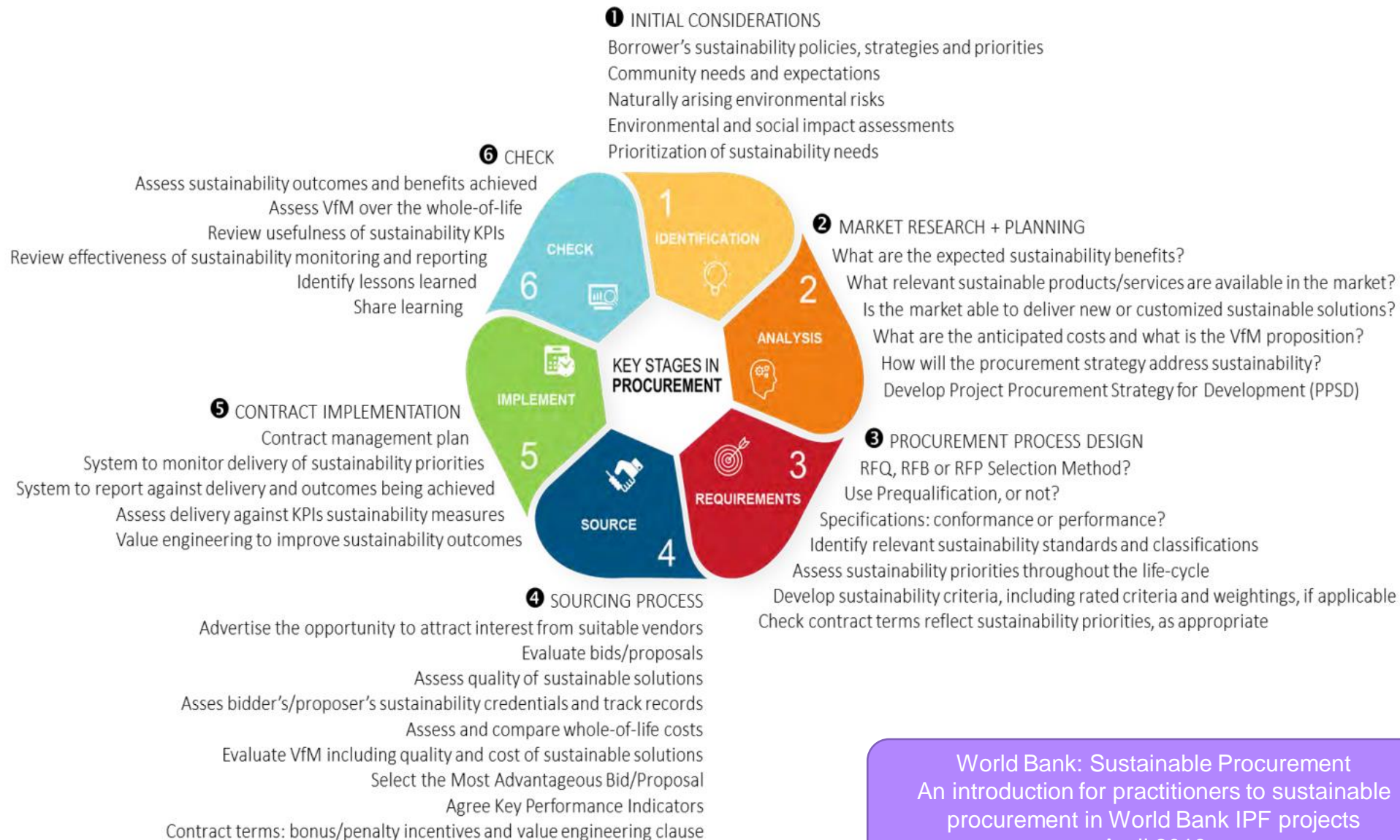
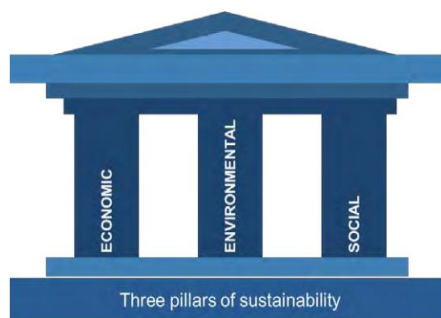
Sustainable Procurement Framework

A sustainable procurement framework, with illustrative examples.

Dimensions of sustainability	Level of focus				
	Individual	Organisational	Buyer–supplier dyad	Supply chain/network	Market/society/stakeholders/NGOS
Social/societal	Impact of fair trade/eco-labels on end-user buying behaviour	Integration of sustainability criteria in calls for tender	Supplier selection and qualification criteria (acceptable labour practices, etc.)	Managing/balancing the supplier portfolio	NGO practices and impact on fair trade
		CSR purchasing policies		Child labour	
		CSR functions are integrated with purchasing	Supplier training in sustainable practices	Under-paid employees in sub-tier suppliers	
Environmental	Changing end-user consumption patterns for reduced consumption of resources	Management of the Purchasing Interface with other functions (with Marketing, R and D)	Buyer and supplier collaborating to reduce packaging, CO ₂ emissions, energy and water consumption	Pollution in sub-tier suppliers	NGO impact on scarce raw materials
	Consumer awareness of environmental issues and impact on buying behaviour	Policy and practices relative to sourcing/use of restricted products (red tuna, palm oil, etc.) Environmental policy Recycling strategies	Buyer and supplier collaborating to increase resource productivity and reduce waste	CO ₂ effects across supply chain	Carbon trading practices Regulatory impacts Supplier and Buyer Government lobbying practices
Economic	Reduction in fuel consumption	Development/optimising of the sustainable purchasing function in the firm	Supplier/buyer cooperation (R & D, new product design/redesign, etc.) for cost reduction and sustainability	Innovation via design and management of the supply network (multi-partite technical collaboration, etc.)	Supporting disadvantaged sections of society through buying from SMEs, minority owned firms etc
	Qualities and characteristics of the individual members of the responsible purchasing function in the firm	Purchase vs. rent strategies and practices (e.g. retailers and consumers) Purchasing staff skills development, awareness and training	Bribery and corruption Fair profit issues	Fair price practices down the supply channel	

Walker, H., Miemczyk, J., Johnsen, T. and Spencer, R., 2012. Sustainable procurement: Past, present and future. *Journal of purchasing and supply management*, 18(4), pp.201-206.

View of SP from the World Bank



World Bank: Sustainable Procurement
An introduction for practitioners to sustainable procurement in World Bank IPF projects
April 2019

Figure IV - Stages in Procurement Key sustainability considerations at each stage of the procurement process

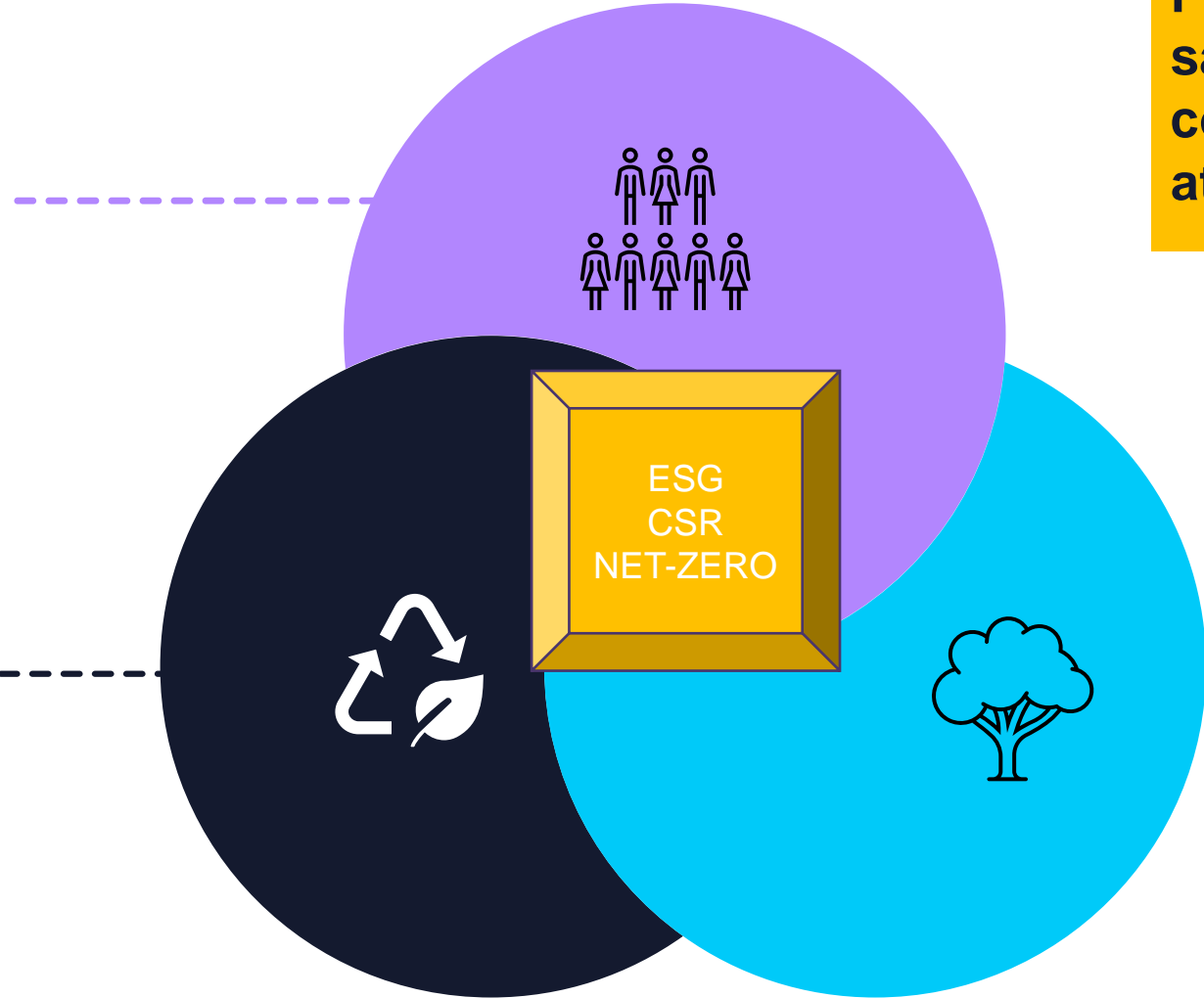
Social Value | Sustainable Procurement | Green Procurement

Enablers of a better outcome

Social Value & Sustainable Procurement are not the same but have many common direct and indirect attributes...

Social Value

- WORK (JOBS)
- ECONOMY (GROWTH)
- COMMUNITY (SOCIAL)
- PLANET (ENVIRONMENT)
- INNOVATION



Sustainable Procurement

- CIRCULAR ECONOMY
- REUSE, RECYCLE, RECOVER
- HUMAN RIGHTS
- ENERGY EFFICIENCY
- EMMISSIONS, POLLUTION, WASTE
- SOCIETY & COMMUNITY
- GOVERNANCE & ETHICS

Green Procurement

- NATURAL RESOURCES
- BIODIVERSITY
- CO₂ REDUCTION
- CLIMATE CHANGE MITIGATION
- REDUCE/REMOVE HAZARDOUS SUBSTANCES
- WATER STEWARDSHIP

Time to ask some questions of the panellists...





A few questions?



Thank you

Social Value Procurement

Sustainable (Public) Procurement

Definition

Social value is defined through the Public Services (Social Value) Act (2013) which requires all public sector organisations and their suppliers to look beyond the financial cost of a contract to consider how the services they commission and procure can improve the economic, social and environmental wellbeing of an area

Definition obtained from Local Government Association website

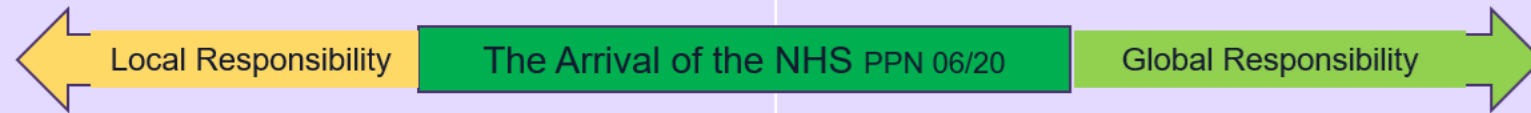
Sustainable public procurement is a “process whereby public organizations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life-cycle basis in terms of generating benefits not only to the organization, **but also, to society and the economy**, whilst significantly **reducing negative impacts on the environment.**”

Definition: UNEP Task Force on Sustainable Public Procurement 2017

Logic

Public Value Logic – The Market-Shaping Role of the State

Economic - Market Logic



Focus

Social – adding environmental dimensions
People and Place - Services and Works
Addressing inequalities at the individual and community level.
Valuing what matters most to people and planet

Social Value is the enduring and systemic change that happens to individuals and communities that improves their quality of life and wellbeing

Green – Net Zero - adding social dimensions
Global Value Chains - Manufactured Goods – Clean Production
Stimulating and rewarding socially responsible business conduct and clean, green production in Global Value Chains

World Bank Sustainable Procurement 3 pillars

Economic

- Economic regeneration
- Sustainable economic development
- Emerging markets
- Development of SMEs
- Total cost of ownership and life cycle costing
- Value for money
- Poverty reduction

Environmental

- Environmental resource management
- Urban planning
- CO2 reduction
- Alternative energies: e.g.: solar, wind
- Water management
- Sustainable agriculture
- Marine resources management
- Protection of ecosystems
- Pollution and waste management

Social

- Human rights
- Clean drinking water
- Food security
- Fair pay and labour law protections
- Anti-child labour and forced labour laws
- Fair trade
- Health and safety
- Gender equality including universal education
- Child mortality and maternal health
- Healthy lives and well-being for all

Triple Bottom line

The triple bottom line of sustainable procurement

Environment

Circular resources
Carbon footprint
Energy efficiency
Waste & land use
Hazardous materials

Society

Health and safety
Rights of the employees
Self-empowerment & learning
Diversity, equality & inclusion

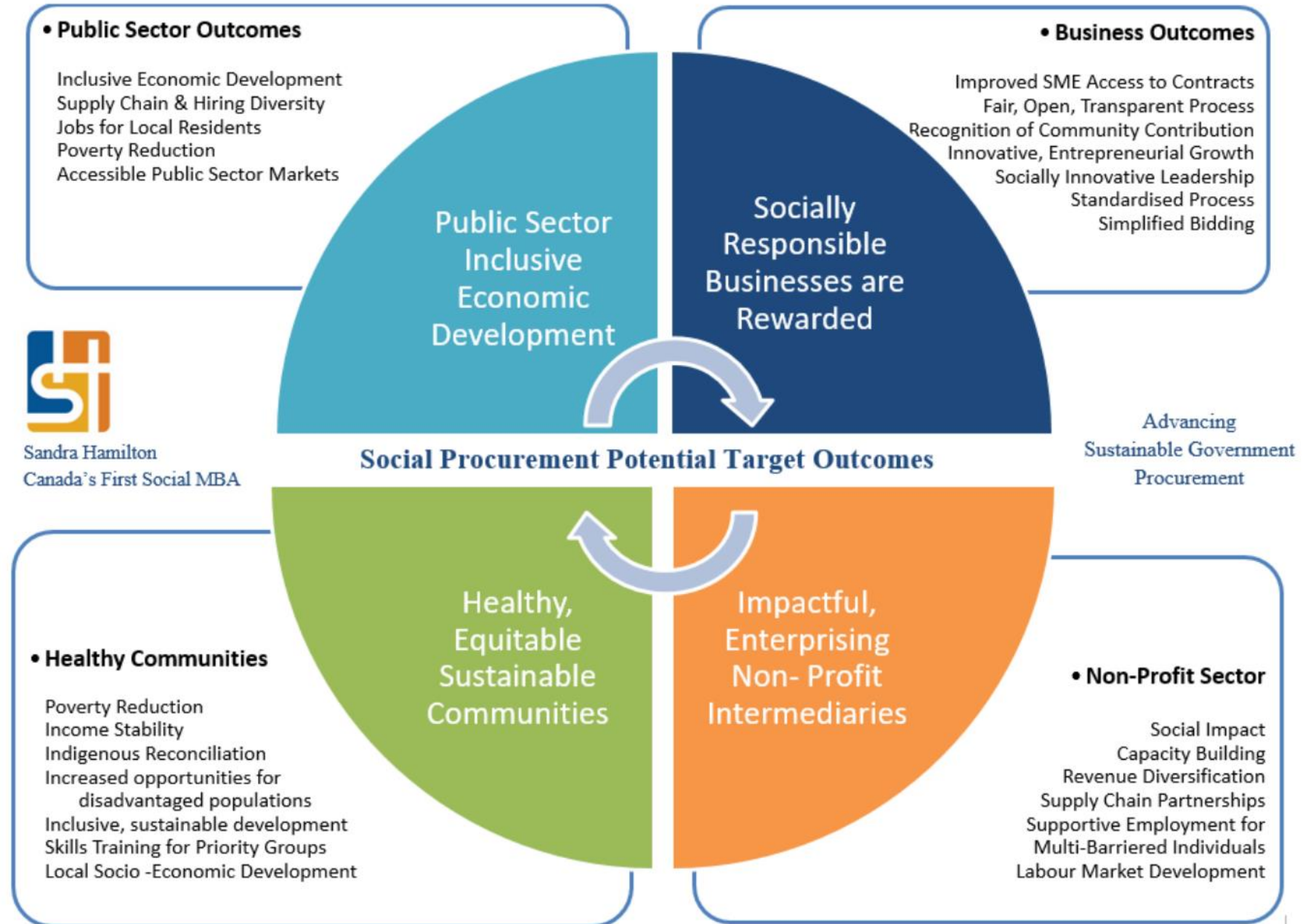
Economy

Fair business conduct
Local economic impact
Consumer wellbeing
Anti-bribery
Money laundering



sievo.com

Social Procurement



Sandra Hamilton
Canada's First Social MBA

Social Procurement

Classification term	Primary purpose	Key authors
Circular public procurement	A regenerative economy. The repair and reuse of resources to minimise waste and use of virgin resources, promoting the use of closed energy and material loops	Witjes and Lozano (2016), Gov Netherlands (2016), EU (2017, as cited by Sönnichsen and Clement, 2020), Maitre-Ekern <i>et al.</i> (2018), Alhola <i>et al.</i> (2019), Ellen MacArthur Foundation (2020), SITRA (2020), CIC-Circular Innovation Council (2021), Hofstetter <i>et al.</i> (2021), Tátrai and Diófási-Kovács (2021)
Community benefits Ethical public procurement	Community engaged regeneration in major infrastructure projects Due diligence; modern slavery; human rights; “do no harm” to people, planet and animals	Lynch <i>et al.</i> (2019), Zuo <i>et al.</i> (2012) New (2015), Martin-Ortega and O'Brien (2017), ECCJ (2017), Martin-Ortega and Methven O'Brien (2019), Hughes <i>et al.</i> (2019), Burmester <i>et al.</i> (2019), Caruana <i>et al.</i> (2021), ETI (2020)
FAIRTRADE® and fair-trade Green public procurement (GPP)	Securing price premiums for small producer cooperatives Stimulate environmental clean production and operations, reducing waste and emissions	Hughes <i>et al.</i> (2019), Caranta (2015), Yamoah (2019) GPP-EU Commission (2008; GPP- EU Comm, 2012), Palmujoki <i>et al.</i> (2008), Tukker <i>et al.</i> (2008), Michelsen and de Boer (2009), Bratt <i>et al.</i> (2013), Cheng <i>et al.</i> (2018)
Local procurement* under GPA thresholds	Place-based economic development, progressive procurement, community wealth building and anchor institution strategies	Walker and Preuss (2008), CLES (2020, 2019a, 2019b, 2015) *Permitted under WTO-GPA thresholds only; not permitted above GPA thresholds
Policy-led public procurement Social procurement	Build linkages to specific public policy objectives Social enterprise development, inclusion of disadvantaged equity-deserving groups	Grandia and Meehan (2017), Harland (2019) Furneaux and Barraket (2014), Barraket <i>et al.</i> (2015), Barraket and Loosemore (2018), Blount and Hill (2015)
Socially responsible public procurement (SRPP)	Generate incremental social value globally. Improve lives, reduce poverty and inequality, reward responsible business conduct	McCrudden (2004, 2007), Erridge (2007), Schulten <i>et al.</i> (2012), Touboulic and Walker (2015), Jaehrling (2015), Jaehrling <i>et al.</i> (2018), Steinfeld <i>et al.</i> (2017), Hamilton (2019b), Hughes <i>et al.</i> (2019), OECD (2020), EU Commission, P.O. of the E (2020), Müngersdorff and Stoffel (2020)
Socially responsible sourcing	Private sector supply chains	Seuring and Müller (2008), Zorzini <i>et al.</i> (2015), Sinkovics <i>et al.</i> (2019), Villena and Gioia (2020), Sinkovics <i>et al.</i> (2020), Oxfam (2021), Sinkovics <i>et al.</i> (2021)
Strategic public procurement	Advances strategic economic objectives, e.g. SME access, as well as sustainability, innovation and R&D objectives	Kahlenborn (2010), Handler (2015), OECD (2015, 2017), Flynn and Davis (2017)
Sustainable public procurement	Combines both green and SRPP outcomes	UNEP (2003, 2017), Preuss and Walker (2011), Brammer and Walker (2011), Walker and Brammer (2009), Meehan and Bryde (2011), Sourani and Sohail (2011), Prier <i>et al.</i> (2016), Sjäfjell and Wiesbrock (2016), Hamilton (2019a), Andhov <i>et al.</i> (2020), Grandia and Kruyen (2020)

Table 1.
Overview of
socially responsible
public procurement
practices

Social Procurement

Emergent theme	Examples of Global Leadership among WTO-GPA members
<p>1 Mandatory sustainable public procurement</p> <p>Mandatory sustainable public procurement places an obligation on publicly funded actors to leverage taxpayer-funded systems to develop supply chain resiliency and achieve sustainability policy objectives</p> <p>This involves broadening how value is defined by integrating and evaluating non-commercial green and/or social value criteria with price, to determine value, and the most advantageous tender (MAT)</p> <p>A 2015 PwC study for the EU Commission concluded that stronger policy frameworks for green public procurement and SRPP coincide with higher uptake and results</p>	<p>Frontrunner Nations: The Netherlands, Japan and the UK</p> <p><i>Japan, 2001:</i> Mandatory green public procurement (GPP) resulted in 70% GPP country-level implementation. The highest level achieved by any nation. Central government achieved 95% GPP across 21 priority categories (<i>Gov Japan, 2016</i>)</p> <p><i>Netherlands, 2010:</i> Mandatory sustainable procurement by 2015 (<i>OECD, 2014</i>). Whole-of-government approach to achieving a circular economy by 2050 (<i>Gov Netherlands, 2016</i>)</p> <p><i>UK 2021:</i> Mandatory social value procurement policy (<i>UK Gov, 2020</i>). The UK is the first country in the world to mandate that central government procurement must be fully leveraged to maximise social value, aligning government procurement with five key policy objectives:</p> <p>(1) COVID-19 recovery, (2) tackling economic inequality, (3) fighting climate change, (4) providing equal opportunity and (5) improving wellbeing</p> <p>Social value criteria must receive a minimum 10% weighting. No maximum weighting is provided in the policy. For contracts over £5m, to qualify to bid firms must have a carbon reduction plan in place committing to net zero emissions by 2050</p> <p>The <i>EU</i> currently advances a category-specific approach to green public procurement. The EU Green New Deal proposes a mandatory minimum green weighting in high-priority categories</p> <p><i>City-level examples:</i> the cities of Manchester, UK and Oslo, Norway, mandate a 30% weighting be applied to social and/or environmental criteria</p>

Emergent theme	Examples of Global Leadership among WTO-GPA members
<p>2 Supply chain transparency legislation</p> <p>Due diligence legislation elevates MNE supply chain risk from reputational damage to legal liability, including fines and director imprisonment</p> <p>The <i>ETI (2020)</i> plays a key role in developing and monitoring due diligence requirements, and in advocating for application of the UNGPs in public procurement processes. The ETI focusses on eliminating modern slavery, child labour and human rights abuses in the high-risk spend categories of apparel, ICT and medical supplies</p>	<p>Frontrunner Nations: France, Germany and Norway</p> <p><i>The French Duty of Vigilance Act:</i> Fines, criminal sanctions (<i>ECCJ, 2017</i>)</p> <p><i>The German Duty of Care Act:</i> Proposal for fines ranging from 2% to 10% of annual turnover (<i>Grabosch, 2021</i>)</p> <p><i>Norwegian Due Diligence Act:</i> Public procurement in Norway maintains a high-risk category list (<i>Avocats, 2021</i>)</p> <p><i>Finland</i> is a leader in rewarding full supply chain transparency, with additional points awarded to suppliers providing full disclosure of factories and final assembly locations (<i>OECD, 2021, p. 82</i>)</p> <p><i>Austria:</i> Demands full supply chain transparency in public procurement</p> <p><i>EU Commission:</i> In advance of anticipated sustainable corporate governance legislation, guidance has been issued to help EU businesses address the risk of forced labour in their operations and supply chains (<i>EU Commission, 2021</i>)</p> <p><i>OECD International Guidance:</i> Due diligence guidance for responsible business conduct (<i>OECD, 2018</i>); integrating responsible business conduct in public procurement (<i>OECD, 2021</i>)</p>
<p>3 Knowledge hubs</p> <p>Knowledge hubs are essential to capacity building, supporting process innovation and peer-to-peer learning</p> <p>It is important for national knowledge hubs, to support multi-level implementation</p> <p>Global collaborations building cross-border capacity</p>	<p>Frontrunner Nations: The Netherlands, Germany, UK, Canada and the USA</p> <p><i>Netherlands:</i> Dutch Expertise Public Procurement Centre serving all levels of government (<i>PIANOo, 2005</i>)</p> <p><i>Germany:</i> German Competence Centre for Sustainable Procurement (Kompetenzstelle für nachhaltige Beschaffung, KNB), serving all levels of government (<i>OECD-KNB, 2013</i>)</p> <p><i>UK:</i> Commissioning Academy serving all levels of government (<i>UK Gov, 2013</i>)</p> <p><i>The Circular and Fair ICT Pact:</i> Co-leads – the Netherlands and Belgium; eight-country collaboration. International procurement-led partnership to accelerate circularity, fairness and sustainability in the ICT sector (<i>CFIT, 2021</i>)</p> <p><i>The Greening Government Initiative:</i> Co-leads – Canada and the USA; a 30 plus country collaboration. First-of-its-kind initiative for like-minded governments to enable formal and informal international cooperative opportunities, including information sharing, technical exchange, working groups, data stewardship, strategic partnerships, workshops and communications, to address climate change by using cleaner energy sources, moving to zero-emission vehicles, greening their procurement and pursuing green and resilient infrastructure (<i>Gov of Canada, 2021</i>)</p> <p><i>Responsible Business Alliance and Electronics Watch:</i> A collaboration to improve working conditions in publicly funded supply chains (<i>RBA, 2021</i>)</p>

Emergent theme	Examples of Global Leadership among WTO-GPA members
<p>4 Wellbeing economics and future generations</p> <p>A whole-of-government approach that advances new metrics to define wellbeing and social progress</p> <p><i>Gross Domestic WellbeingTM</i> (<i>Wallace et al., 2020</i>)</p> <p>Future generations legislation</p> <p>'We must shift how we understand and build societal health and prosperity, looking beyond economic growth to collective wellbeing and environmental sustainability' (<i>Chrysopoulou, 2020</i> p1)</p>	<p>Frontrunner Nations: New Zealand, Iceland, Finland, Scotland and Wales</p> <p>Wellbeing economics seeks to address the social, economic and environmental challenges of today. The WeGo Partnership is a collaboration of four national and two regional governments working to advance a whole-of-government approach to building a wellbeing economy (<i>WeGo, 2018</i>)</p> <p><i>Future Generations Legislation</i> is designed to prompt deep, cultural change in policy making across governments to combat short-term thinking and intergenerational inequality in politics and public administration</p> <p><i>New Zealand:</i> World's First Wellbeing Budget 2019 (<i>Government of NZ, 2019</i>)</p> <p><i>Iceland:</i> Wellbeing Indicators for Iceland (<i>Government of Iceland, 2019</i>)</p> <p><i>Wales:</i> Future Generations Act 2015 (<i>Howe, 2020</i>)</p> <p><i>Scotland:</i> Future Generations Commissioner (2021)</p> <p>UN Declaration on Future Generations (2023)</p> <p>Secretary General Calls for a Future Oriented UN (<i>UN, 2021</i>)</p>

Q&A



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