



# Applying net zero and social value in the procurement of NHS goods and services

1 March 2022, Version 1

**NHS England's stated policy objective is to meet its Net Zero carbon targets while achieving its wider Social Value priorities. This document sets out how the procurement of NHS Goods and Services can play its part in achieving these policy objectives.**

Central government's [Social Value Model, including net zero emissions requirements](#), as outlined in Procurement Policy Note (PPN) 06/20 has been adopted by NHS England and applied since 1 April 2021.

From 1<sup>st</sup> April 2022, NHS England will extend the reach of PPN 06/20 to the commissioning and purchase of goods and services by NHS organisations, as well as to organisations acting on behalf of such commissioners and purchasers. All such organisations will be required to adopt and apply those organisations PPN 06/20 as if it applies to them ("In Scope Organisations").

This policy builds upon PPN 06/20 in an NHS context and includes NHS specific examples, which all In Scope Organisations will find useful in applying PPN 06/20.

All procurement undertaken will contribute to the NHS Net Zero and Social Value goals and this guide sets a clear approach to adopt and apply the principles outlined in PPN 06/20 to all commissioning and purchasing.

The principal aim of procurement undertaken by NHS organisations is to deliver essential goods and services and improve patient outcomes, while increasing value from every pound spent in the NHS. NHS procurement also has an essential role to play in the delivery of the NHS commitment to reach net zero by 2045, as more than 60% of NHS carbon emissions occur in the supply chain. Social value, when incorporated effectively, will help reduce health inequalities, drive better environmental performance, and deliver even more value from procured products and services.

Adopting central government's Social Value Model complements strategic initiatives and policy within the NHS, including the 2019 NHS Long Term Plan, and our commitments within the 2020 *Delivering a 'Net Zero' National Health Service* report. Its adoption will be supported by a new Sustainable Supplier Assessment available in 2022, and a suite of supplier expectations and requirements from 2023 to 2030, ensuring that all suppliers meet or exceed the NHS commitment to be net zero by 2045. These requirements build on the Government's '[Taking Account of Carbon Reduction Plan](#)' (PPN 06/21) and are outlined in the recently published [NHS Net Zero Supplier Roadmap](#).

### The following guidance is available in this document:

- **Selecting the social value themes:** At the earliest opportunity, the relevant themes of the Social Value Model should be selected, with the 'Fighting Climate Change' theme to be included in all tenders – see section 1.
- **Determining net zero and social value weighting at or above the 10% minimum:** An appropriate weighting for net zero and social value should, where appropriate, be added to the evaluation criteria – see section 2.
- **Adding net zero and social value questions to the tender:** Appropriate tender questions should be created – examples available in section 3.
- **Evaluating tender response:** Responses deliver additional benefit to existing supplier activity – see section 4.
- **Effective contract management:** Contract key performance indicators (KPIs) are critical to ensure additional benefit to the NHS is delivered – examples available in section 3.

### What is the purpose of this guide?

This guidance has been created in collaboration with over 90 NHS procurement professionals from trusts and is a key output from Social Value Health Module Workshops attended by procurement colleagues across the system. It provides a step-by-step process to apply the Social Value Model to their procurement and will help unlock health and environmental related social value.

The NHS is an anchor institution. Its assets and resources can be used to maximise social, economic, and environmental benefits, improve health outcomes and tackle health inequalities.

This guidance is intended to be used in conjunction with central government's Social Value Model and Procurement Policy Notice (PPN) 06/20 and is designed to support the In Scope Organisation in further applying the content for and on behalf of the NHS.

## 1. Selecting the Social Value Model themes

In Scope Organisations should decide what social, economic and environmental themes within the Cabinet Office Social Value Model are relevant to either the individual tender and/or in support local priorities, including those related to health outcomes and inequalities whilst ensuring full alignment to relevant procurement legislation and guidance.

To support the delivery of net zero carbon across the NHS, **the Social Value Model theme of 'Fighting Climate Change' should be included in all NHS procurement** either in the technical specification, through the social value criteria or a combination of these.

Table 1 lists the Social Value Model themes and provides examples that NHS procurement could incorporate to support NHS priority areas:

**Table 1: Incorporating Social Value Model themes into procurement**

Social Value Model theme	NHS priority areas	Example opportunity areas
<b>Fighting climate change (must be included in all procurement)</b>	<ul style="list-style-type: none"> <li>• Reduce emissions</li> <li>• Reduce air pollution</li> <li>• Promote circular economy principles</li> <li>• Reduce consumption and waste</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrate reduced greenhouse gas emissions</li> <li>• Initiatives to reduce environmental impact with the redesign of the product or service</li> <li>• Source materials from and manufacture products within the UK (or relevant region) to reduce carbon emissions and improve supply chain transparency</li> <li>• Delivery optimisation and use of low/zero carbon vehicles</li> <li>• Reduce single use plastics, packaging and increase recyclability of products</li> <li>• Support environmental protection and improvement through the delivery of the contract</li> <li>• Biodiversity initiatives developed or supported in the local area</li> </ul>
<b>Wellbeing</b>	<ul style="list-style-type: none"> <li>• Support physical and mental health</li> </ul>	<ul style="list-style-type: none"> <li>• Programmes to support physical and/or mental wellbeing for staff</li> <li>• Volunteer hours protected for staff in hospitals, mental health or other health and care charities</li> <li>• Enhancement of the quality of the built environment for community benefits, such as access to greenspace for staff and the community</li> </ul>

Social Value Model theme	NHS priority areas	Example opportunity areas
<b>Equal opportunity</b>	<ul style="list-style-type: none"> <li>• Support a diverse workforce</li> <li>• Equity by design</li> <li>• Eliminate modern slavery</li> </ul>	<ul style="list-style-type: none"> <li>• Pre-employment programmes, apprenticeships or training opportunities targeting local communities experiencing inequality</li> <li>• Opportunities for training and skills development</li> <li>• Ethnic minority representation within contract provision</li> <li>• Commit to equality, diversity and inclusion activities to increase representation for marginalised groups</li> <li>• Demonstrate a commitment to equity in pay levels among different staff demographic groups doing equivalent roles</li> <li>• Compliance with the Modern Slavery Act 2015, with suppliers signing a supplier code of conduct and those with an annual turnover of £36m to publish an annual statement setting out steps being taken to prevent modern slavery in their business and supply chain</li> <li>• Further initiatives to eradicate modern slavery including on-site modern slavery audits and factory checks, Modern Slavery Assessment Tool (MSAT) usage, and provision of victim support</li> </ul>
<b>Tackling economic inequality</b>	<ul style="list-style-type: none"> <li>• Employment as an economic and health intervention</li> <li>• Living wages</li> </ul>	<ul style="list-style-type: none"> <li>• Work opportunities for those with a disability or long-term health conditions</li> <li>• Pay workers a living wage, offer living hours and support a commitment to ensure no workers experience in-work poverty</li> <li>• Improving the living conditions of staff and providing access to quality housing</li> <li>• Support for career progression and social mobility</li> <li>• Support for working policies above statutory requirements, such as flexible working for those looking after dependents or with caring responsibilities</li> </ul>
<b>COVID-19 recovery</b>	<ul style="list-style-type: none"> <li>• Support individuals affected by COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Work opportunities for those disproportionately impacted by COVID-19, including 16–24-year-olds, over 50s, and people from ethnic minorities</li> <li>• Volunteer hours protected for staff that support people affected by COVID-19</li> </ul>

The table represents a focused view of central government's Social Value Model themes and how these may apply to a tendering process for NHS goods and services.

Please see section 3 for examples of how the questions within the Social Value Model can be focused towards healthcare specific outcomes and suggested ways these outcomes can be contract managed.

## 2. Determining the net zero and social value weighting

It is at the discretion of the In Scope Organisations to decide the level of emphasis to place on net zero and social value in a procurement, at or above the 10% minimum. This will depend on the type of product or service being procured and the following examples have been created to assist with this process:

- **For logistics contracts:** road miles and emissions are associated with this service. Weighting could be geared towards the net zero carbon elements of the Social Value Model themes. Tender criteria could focus in on themes such as low/zero emissions vehicles, delivery consolidations, or last mile innovations.
- **For cleaning contracts:** a typically low paid sector, with high risk of modern slavery, a prevalence of hazardous chemicals and waste management associated with this type of service. A spread of all five Social Value Model themes could be applied here with a higher weighting allocated to employment practices, fair wages, and waste management practices.
- **For food and catering contracts:** ingredient sourcing, preparation and waste is associated with this service across primary and secondary care. The tender criteria could focus on requiring the supplier to support regenerative agriculture practices, emission reduction associated with logistics and food waste education.

### Spotlight on air pollution

Reducing air pollution is a key area in which the NHS adoption of the Social Value Model can have a significant and direct positive impact on health outcomes.

Tackling respiratory disease is a health priority as well as an inequalities issue. According to researchers at the Centre for Cities, long term exposure to air pollution is killing one in 19 people in the UK, and 62% of roads monitored in UK cities are exceeding the World Health Organization's annual fine particulate matter guideline.

The NHS itself is responsible for approximately 3.5% (9.5 billion miles) of all road travel in England, including patients, visitors, staff and suppliers. By asking suppliers how they will address air pollution as part of contract delivery, the NHS can significantly reduce the direct impact it has on ill-health and related diseases.

It is important to ensure the process is inclusive for small to medium enterprises (SMEs) or voluntary, community and social enterprises (VCSEs), if appropriate to the procurement. Care should be applied to ensure the social value requirement set is proportionate, linked to the subject matter of the contract, and specific to the contract delivery. Where relevant, the requirement for social value should not create a barrier for SMEs or VCSEs to bid for the contract.

This can be achieved by ensuring the requirement for net zero and social value submissions is clearly set out for smaller suppliers who may have less resource to complete a tender process. Pre-market engagement can also be used should the In Scope Organisations expect bids from SMEs or VCSEs to ensure they fully understand both the process and requirement.

### 3. Adding net zero and social value questions to the tender and effective contract management

This stage requires incorporating net zero and social value criteria into the tender documentation and ensuring the criteria flows through to the contract management stage.

It is recommended that In Scope Organisations use the relevant NHS Standard Contract to ensure the net zero and social value commitment and other key tender deliverables are consistently managed between them and the supplier. For more information on how the NHS is supporting the application of social value to procurement, please email [england.ccf-sustainability@nhs.net](mailto:england.ccf-sustainability@nhs.net).

The application of social value remains mandatory for directly awarded contracts. For more information, refer to section 3.28 of the [Guide to Using the Social Value Model](#).

Table 2 below provides further guidance to support the In Scope Organisation to create questions appropriate to the tender. While this list is not exhaustive, examples of health focused questions and contract management KPIs have been mapped against the Social Value Model themes:



**Table 2: Incorporating social value criteria to the tender documentation**

Social Value Model theme	Examples of health focused questions (model award criteria)	Examples of contract management
<b>Fighting climate change (must be included in all procurement)</b>	Detail how, through the delivery of the contract, you will reduce the amount of single use plastic used for both packaging and products that will be provided	<ul style="list-style-type: none"> <li>• Supplier to initially report a forecasted baseline figure on single-use plastic usage for the delivery of the contract over a defined timescale</li> <li>• Supplier to then report on both the activities they are undertaking to reduce plastic and the actual amount being taken out</li> </ul>
	Detail how, through the delivery of the contract, you plan to reduce your carbon emissions (both in your supply chain and embedded carbon within products) through the provision of the product/service	<ul style="list-style-type: none"> <li>• Supplier to initially submit the annual forecasted baseline for every different type of emissions generated in the delivery of the contract</li> <li>• Supplier to detail half-yearly (or as appropriate) the activities undertaken to reduce this impact</li> <li>• Supplier to detail the proportion of materials sourced from and/or products manufactured in the UK (or relevant region)</li> <li>• Supplier to detail alongside each planned and undertaken activity the emissions reduction (shown in both actual amount and as a % of the total emissions of the tender)</li> </ul>
	Detail how, through the delivery of the contract, you plan to create and run effective guidance for both the proper usage of a product, how to dispose of it correctly and extend its most useful lifespan, in a digital format	<ul style="list-style-type: none"> <li>• Supplier to agree on a timescale for the design and delivery of updated supporting product guidance</li> <li>• Supplier to report monthly (or as appropriate) how many times the guidance has been downloaded</li> <li>• Supplier to also describe monthly (or as appropriate) how much paper and carbon emissions this has saved</li> </ul>
	Detail how, through the delivery of the contract, you plan to reduce the amount of packaging provided with the product	<ul style="list-style-type: none"> <li>• Supplier to agree on a timescale to reduce the packaging provided with the product</li> <li>• Supplier to detail the changes or reductions in materials for packaging</li> <li>• Supplier to report on the annual saving in materials / emissions through the changes</li> </ul>

Social Value Model theme	Examples of health focused questions (model award criteria)	Examples of contract management
	Detail how, through the delivery of the contract, you plan to reduce the road miles required for the provision and running of the service in scope	<ul style="list-style-type: none"> <li>• Supplier to detail the baseline of projected miles that will be travelled in the duration of the contract</li> <li>• Supplier to agree timescale for making committed changes to the provision of the service</li> <li>• Supplier to report on the annual saving of miles travelled / reduction in emissions</li> </ul>
	Detail how, through the delivery of the contract, the service being proposed can be digitised throughout the duration of the award, to reduce emissions and resources used where possible whilst still achieving the same outcome	<ul style="list-style-type: none"> <li>• Supplier to agree on what areas of the service can be digitised and the timescales for delivering this functionality</li> <li>• Supplier to detail the amount of annual emissions saved through this change, once it is set up</li> </ul>
<b>Tackling economic inequality</b>	Detail how, through the delivery of the contract, you will ensure that there is a skills policy that focuses on increasing the average level of skills of the workforce and also reduce inequalities in the way skills are distributed among the population, keeping the supply of skills aligned and responsive to market needs	<ul style="list-style-type: none"> <li>• Supplier to incentivise more employers in a wider range of industries to participate and clarify the benefits to apprentices, including pay progression paths</li> <li>• Supplier to set a target for reducing skills inequalities in line with public preferences, through a process of consultation</li> <li>• Supplier to adopt a living wage for staff to eliminate in-work poverty</li> </ul>
	Detail how, through the delivery of the contract, you will ensure the supply chain remains resilient. Please detail your approach to resilient supply from the source of your product/service, including outside of the UK	<ul style="list-style-type: none"> <li>• Supplier to report half-yearly (or as appropriate) on the activities they are undertaking to ensure that supply or the provision of the service will continue uninterrupted</li> </ul>

Social Value Model theme	Examples of health focused questions (model award criteria)	Examples of contract management
<b>Equal opportunity</b>	Detail how, through the delivery of the contract, opportunities will be provided for workers who have long term health conditions	<ul style="list-style-type: none"> <li>• Supplier to report half-yearly (or as appropriate) opportunities created for those with long term illness</li> <li>• It is imperative that any data provided is anonymised and does not disclose any personal or sensitive information</li> </ul>
	Detail how, through the delivery of the contract, you plan to increase overall diversity and inclusion within the contracted workforce	<ul style="list-style-type: none"> <li>• Supplier to report half-yearly (or as appropriate) activities undertaken to improve and address the barriers for overall diversity and inclusion, e.g. BAME representation within the contracted and total supplier workforce</li> </ul>
	Detail how, through the delivery of the contract, you will ensure equity in pay for different demographic groups for staff doing equivalent roles	<ul style="list-style-type: none"> <li>• Supplier to communicate to the contracting authority at contract commencement what the initial pay gap is for different demographics in the contracted workforce, setting the baseline</li> <li>• Supplier to report on a half-yearly basis activities undertaken to reduce the pay gap within the contracted workforce</li> </ul>
	Detail how, through the delivery of the contract, you will proactively tackle modern slavery within your organisation and supply chain	<ul style="list-style-type: none"> <li>• Supplier to complete MSAT Tool prior to the commencement of the tender or contract award</li> <li>• Supplier to report half-yearly (or as appropriate) what is being done to tackle modern slavery within their organisation and supply chain, based upon the results and improvements recommended within the MSAT, including activities such as supplier audits and factory checks</li> <li>• Supplier to complete an MSAT on an annual basis from the time of completion of the first assessment</li> </ul>
<b>Wellbeing</b>	Please commit to allowing your workforce to undertake a minimum number of volunteering hours per annum to support healthcare related charities (advisable to specify type of volunteering and hours required)	<ul style="list-style-type: none"> <li>• Supplier to detail half-yearly (or as appropriate) the volunteer hours by the contracted workforce</li> <li>• Supplier also to detail the different charities they are supporting in the regular submission</li> </ul>

Social Value Model theme	Examples of health focused questions (model award criteria)	Examples of contract management
	Please commit to allowing your workforce to undertake a minimum number of volunteering hours per annum in the local hospital or healthcare institution relevant to this tender (advised to be specific)	<ul style="list-style-type: none"> <li>• Supplier to detail half-yearly (or as appropriate) the hours volunteered in the local hospital or healthcare setting by the contracted workforce</li> </ul>
	Detail how, for the contracted workforce, awareness for both mental and physical wellbeing will be continuously raised	<ul style="list-style-type: none"> <li>• Supplier to detail half-yearly (or as appropriate) activities to raise awareness or contribute to better physical and mental wellbeing for the contracted workforce</li> </ul>
<b>COVID-19 recovery</b>	Detail how, through the delivery of the contract, you will provide work or volunteering opportunities for those that have been affected by COVID-19	<ul style="list-style-type: none"> <li>• Supplier to report, on a half-yearly basis, activities undertaken to provide opportunities for individuals who have been affected by COVID-19</li> </ul>

## 4. Evaluating the tender response

The central government Social Value Model requires additional social value benefit to be delivered over the life of a contract. Therefore, it is important to ensure:

- the net zero and social value responses are not activities already being undertaken by the supplier for the In Scope Organisation
- the supplier provides clear metrics in its tender response that form a contractual requirement at award stage
- when reviewing submissions from multiple applicants, the In Scope Organisation refers to the [Model Response Guidance](#) to ensure fairness and transparency activity already in place.

## 5. Getting help

### 5.1 Getting help on the Social Value Model

The Cabinet Office is making training products available to support implementation of the Social Value Model. E-learning is available via the Government Commercial College, and training workshops are available to book via [SV@CabinetOffice.gov.uk](mailto:SV@CabinetOffice.gov.uk).

### 5.2 Health specific outcomes

Our Sustainable Procurement Team will provide additional support in the following way:

- Regular drop-in sessions for In Scope Organisations who require additional support or discussion on the inclusion of social value into their tender.
- Provide training materials on how to further use this guidance to unlock NHS specific net zero and social value outcomes.
- Commitment to support any In Scope Organisation who may require additional help in adding net zero and social value to their tender.

Email us via [england.ccf-sustainability@nhs.net](mailto:england.ccf-sustainability@nhs.net) to register your interest in further training and engagement.

## 5.3 Key contacts

Should the user require further assistance please contact one of the following organisations:

Name	email address
NHS England Sustainable Procurement and Supply Chain Team	<a href="mailto:england.ccf-sustainability@nhs.net">england.ccf-sustainability@nhs.net</a>
Health Inequalities	<a href="mailto:England.HealthInequalities@nhs.net">England.HealthInequalities@nhs.net</a>
Health Anchors Learning Network	<a href="mailto:Hello@haln.org.uk">Hello@haln.org.uk</a>
Cabinet Office Social Value Model support	<a href="mailto:SV@CabinetOffice.gov.uk">SV@CabinetOffice.gov.uk</a>

## 5.4 Changes to Public Contracts Regulation 2015

This policy will apply to In Scope Organisations when procuring all contract opportunities to which the Public Contracts Regulations 2015 (PCR 2015) apply.

The procurement of all goods and services in the NHS are subject to the PCR 2015. However, the government has introduced legislation that, once passed, will take the commissioning of healthcare services outside of the scope of the PCR 2015, and provide a new set of rules specifically for procuring healthcare services. This new set of rules, known as the NHS Provider Selection Regime, will in some cases enable services to be contracted for without competitive tender exercises.

At the time this new regime comes into force, this guidance will be updated to provide details as to how NHS England's commitments on net zero and social value should be addressed when commissioning healthcare services under the Provider Selection Regime.

## 6. Case study: Office supplies

**Contracting authority:** Guy's and St Thomas' NHS Foundation Trust (GSTT)

**Social Value Weighting:** 20%

**Social Value Model theme selected:** Fighting Climate Change

### The brief

A mini competition for office supplies was completed by GSTT on behalf of the procurement shared service, SmartTogether. The procurement service includes Lewisham and Greenwich, Great Ormond Street and South London and Maudsley NHS Trusts.

## Selecting the social value theme

Fighting Climate Change is the sole Social Value Model theme chosen for this mini competition due to its relevance to the contract. GSTT used the social value requirement to ensure that, in the provision of the products, the awarded supplier aligned to their objectives to minimise impact on the environment.

## Adding social value questions to the tender and choosing the weighting

The total weighting allocated to the five questions below was 20%, broken down in the following way:

- **Air Quality** – Final mile delivery model: 8%
- **Carbon Footprint** – Recycled products and single use reduction: 8%
- **Mapping** – systems and tools: 4%

In the bid submission, suppliers had to evidence how the following targets would be achieved:

1. Zero emission delivery within the first six months through the adoption of electric or hydrogen vehicles/cargo bikes or a combination thereof.
2. Minimising the number of deliveries to the trusts through delivery consolidation at source and moving delivery times out of the morning peak hours (7-10am), wherever possible.
3. 100% recycled and FSC, Blue Angel or equivalent certified copier paper and a favouring of products with high recycled content.
4. Replacement of single use plastic product lines with alternatives within the first six months through the adoption and promotion of reusable/recyclable products or a combination of both through, eg innovative solutions such as take-back schemes where in-house waste services do not provide recycling options.
5. Annual carbon reporting for activities related to the contract, including carbon reporting of key product lines and operations. Improvement plan to reduce carbon factors (eg product material, location of manufacture) for each product line and operation.

## Supplier responses and contract KPIs:

As a result of the successful mini competition for the office supplies tender, the appointed supplier will deliver a 15% cost saving and has committed to:

- Integrate fully with the delivery requirements of all SmartTogether Members.

- Order four new electric delivery vehicles to be utilised for all deliveries within six months of the contract launch.
- Minimise deliveries and, where possible, move delivery times out of peak times (7-10am).
- Consolidate deliveries for fewer drops, generating less carbon emissions.
- Through the provision of the contract, 'Green Choice' products will be supplied. This includes over 4,000 products offering enhanced sustainability and/or ethical credentials. To qualify for the Green Choice range, each product must meet one or more of the following criteria:
  - 100% recycled
  - carry a recognised eco-label or ethical trading accreditation
  - otherwise more sustainable or ethical than other products in their class.
- Support SmartTogether Members to replace all consumer single-use plastics with alternative items.
- On a quarterly basis, analyse the core products and identify alternatives to single use plastics.
- During the business review process with SmartTogether and each individual trust, conduct a 'Green Review' to identify environmental product uptake and opportunities for improvement.
- Remove 10% of the core products and switch them to more sustainable options on a cost neutral basis.
- Provide annual environmental reporting for all activities related to the contract.