

Advice Pack

Social value in the supply chain

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www.riseretrofit.org.uk

Overview

Public funded retrofit schemes, including Warm Homes: Local Grant and Warm Homes: Social Housing Fund, have requirements for social value built into scheme requirements.

Social value requirements for retrofit projects can be requested by clients (social housing providers and Local Authorities) as part of their procurement processes. The delivery, and cost, of meeting the social value requirements typically sits with the supply chain.

Social Value UK defines social value as: *“The quantification of the relative importance that people place on the changes they experience in their lives. It goes beyond financial measures, and considers the broader benefits to the community, environment, and individuals.”*

What are the benefits of social value?

Embedding social value in retrofit projects can;

- Support social and environmental return on investments.
- Support the local economy.
- Create quality new employment opportunities for local residents - careers not just jobs!
- Promote equality, diversity and inclusion.
- Support the health and wellbeing of local residents.

What are the principles of social value?

The key principles of social value are built around a variety of key requirements, as follows:

- **Involve stakeholders** – define what gets measured and how it is measured and valued, in an account of social value, through the involvement of stakeholders.
- **Understand changes** – articulate how change is created and evaluate this through evidence gathered, recognising positive and negative changes, including those that are both intended and unintended.
- **Value the things that matter** – making decisions about allocating resources between different options needs to recognise the values of stakeholders. Value refers to the relative importance of different outcomes. It is informed by stakeholders' preferences.

- **Only include what is material** – determine what information and evidence must be included in the accounts to give a true and fair picture, so that stakeholders can draw reasonable conclusions about impact.
- **Do not over-claim** – only claim the value that SV activities are responsible for creating.
- **Be transparent** – demonstrate the basis on which the analysis may be considered accurate and honest and show that it will be reported to, and discussed with, stakeholders.
- **Verify the result** – ensure appropriate independent assurance.
- **Be responsive** – pursue optimum social value based on decision making that is timely and supported by appropriate accounting and reporting.

Why is social value important to the supply chain?

There are many benefits for the supply chain in considering social value, including:

Enhances Competitive Advantage

- Helps meet procurement requirements that prioritise social value.
- Meets buyer expectations for broader social, economic, and environmental impacts.

Drives Better Project Outcomes

- Improves project success rates through stronger community support and stakeholder engagement.
- Builds trust and positive relationships, reducing risks and delays.

Supports Sustainable Supply Chains

- Strengthens local economies through local hiring and sourcing.
- Develops a skilled workforce, enhancing quality and capacity in the supply chain.

Mitigates Risks and Boosts Reputation

- Reduces reputational risks by demonstrating commitment to communities.
- Aligns with ESG targets, showcasing ethical and sustainable practices.

Ensures Long-term Business Sustainability

- Builds long-term client relationships, driving future opportunities.
- Encourages innovation in project delivery and community engagement.

What are the types of social value?

There are three key forms of social value: inherent, embedded and additional.

Inherent Social Value

- Changes occur because of the contract being fulfilled.
- Not considered 'added value'.
- Cannot be included in social value offers.
- Impact is a direct result of the paid core contract service provided to the client.

Embedded Social Value

- 'Business as usual' activities of an organisation
- Delivered through apprenticeships and staff training etc.
- Includes company's environmental and supply chain policies.
- Can be harnessed for a specific project to create additionality.

Additional Social Value

- Interventions that are outside of other activities.
- Can be included in social value offer if it results from the specific contract.
- Create outcomes that would not otherwise be created.

The supply chain, including contractors, retrofit installers, and procurement teams, plays a crucial role in delivering Social Value. This can be achieved by employing local workers, sourcing materials locally, providing training and apprenticeships, and engaging with the local community.

Climate friendly social value

Social value is a useful tool for businesses in the fight against climate change. It presents the opportunity to address areas that can contribute to climate change, such as:

Sustainable sourcing and materials

- Use of recycled and low-carbon materials
- Green procurement policies

Energy efficiency and renewable energy use

- Adopt renewable energy
- Invest in energy-efficient equipment

Waste reduction and circular economy practices

- Zero waste initiatives
- Sustainable packaging solutions

Green logistics and transportation

- Eco-friendly transport options
- Consolidated shipments

Equal Opportunities initiatives

Social value also allows for equal opportunities initiatives to be progressed, including:

Supplier diversity and inclusive procurement

- Engage with diversity and minority-owned businesses
- Support social enterprises and SMEs
- Fair payment terms

Training, mentorship and career progression for marginalised groups

- Mentorship programmes for career advancement
- Ongoing education and skills development

Support return-to-work programmes

- Internships for career re-entry
- Ex-offender return to work programmes

Reducing the risk of modern slavery

- Map modern slavery risk and provide assurance of risk management
- Workforce rights and unions

Useful links

You can view Social Value UK's resources [here](#).

You can also watch Social Value related RISE Masterclasses:

- Embedding Social Value through the Supply Chain [here](#).
- Social value in retrofit with the Social Value Portal [here](#).
- Delivering Social Value Through Retrofit [here](#).