

Embedding social value in procurement

16 December 2024  Kathryn Balogun and Peter Ware

Social value is now a critical component of procurement with public authorities and indeed private sector firms increasingly emphasising its importance in awarding contracts. For small and medium-sized enterprises (SMEs) embedding social value presents an opportunity to stand out in competitive tenders while creating meaningful benefits for communities.

This article explores the key challenges, strategies and opportunities SMEs can leverage to incorporate social value effectively into their operations.

In their recent report [Embedding Social Value in Procurement: A Practical Guide for SMEs](#), the Supply Chain Sustainability School and Action Sustainability have given some really useful guidance on how SME's can engage with this important agenda. We draw out some of their conclusions in the report.

What is social value in procurement and why is it important to consider?

Social value, though lacking a universal definition, refers to the additional societal, economic, and environmental benefits that businesses deliver beyond the requirements of a contract. For SMEs, this might include hiring locally, supporting marginalised groups, reducing environmental impact, or engaging with community organisations.

The practice of embedding social value in procurement has significantly expanded. Councils and private sector firms are increasingly allocating 10% to 20% of tender procurement to social value, reflecting a growing emphasis on economic, social, and environmental benefits beyond the immediate scope of contracts. This trend is driven by legislation such as the Public Services (Social Value) Act 2012, which mandates public sector commissioners to consider social value in procurement processes. The upcoming Procurement Act 2023 arguably further emphasises this by shifting from the Most Economically Advantageous Tender (M.E.A.T) to the Most Advantageous Tender (M.A.T).

Key challenges for SMEs

SMEs are uniquely positioned to deliver social value due to their close ties to local communities. Despite this, SMEs face several challenges in embedding social value into procurement processes:

Varied expectations

Different procurement authorities and organisations define social value in diverse ways, making it difficult for SMEs to tailor their approaches effectively.

Resource constraints

Many SMEs lack the financial and human resources needed to design, deliver, and report on social value initiatives.

Perceived costs

A common misconception is that embedding social value requires significant investment, deterring SMEs from exploring practical, low-cost options.

Measurement complexities

Procuring bodies often require evidence of social value impacts, but SMEs may struggle with selecting appropriate frameworks and tools for measurement.

Administrative burdens

Lengthy procurement processes and unclear expectations can create additional barriers for SMEs seeking to incorporate social value into their bids.

Strategies for embedding social value

SMEs can overcome these challenges by adopting practical, cost-effective approaches to embedding social value into their operations:

Leverage existing contributions

Many SMEs already deliver social value without formal recognition. Examples include hiring locally to boost community employment, supporting local suppliers and businesses, volunteering, or sponsoring community projects. Recognising and documenting these activities is an excellent starting point for integrating social value into procurement bids.

Focus on low-cost initiatives

Social value does not need to be expensive. Practical initiatives include offering flexible working policies to improve employee well-being, organising volunteer days for staff to support local schools or charities, and collaborating with local organisations to address specific community needs.

Tailor to contract requirements

Social value initiatives should align with the priorities outlined in the tender. For example, if a contract emphasises sustainability, focus on reducing energy use or sourcing sustainable materials. For tenders aimed at reducing unemployment, consider creating apprenticeships.

Build partnerships

Collaborating with NGOs, councils, or local community groups can amplify the impact of social value initiatives. Partnerships also allow SMEs to share resources and reduce the burden of delivering large-scale programs.

Measure and report impact

Simple tools like spreadsheets can be used to track social value initiatives. Both qualitative data (e.g., community testimonials) and quantitative metrics (e.g., jobs created, emissions reduced) help demonstrate the effectiveness of your efforts.

The competitive advantage of social value

Social value is becoming a critical factor in procurement, with many public authorities and private sector firms assigning weightings of 10% to 20% to its evaluation. SMEs that can clearly articulate their social value contributions, both in their bids and through ongoing reporting, stand to gain a significant advantage in securing contracts. By embedding social value into their core operations, SMEs not only enhance their competitiveness but also strengthen their community impact, improve employee satisfaction, and build long-term resilience.

How we can help

For SMEs embedding social value represent an opportunity to stand out by leveraging their community ties and existing practises.

If you need a tailored guidance on embedding social value into procurement or navigating tendering process is our procurement team can help, contact us today to ensure your bids demonstrate that impact and value that requirement authorities are looking for.

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