

Social Value and NHS Supply Chain

2023-2024



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Introduction

The NHS belongs to the people. It is there to improve our health and wellbeing, supporting us to keep mentally and physically well, to get better when we are ill and, when we cannot fully recover, to stay as well as we can to the end of our lives. It works at the limits of science – bringing the highest levels of human knowledge and skill to save lives and improve health. It touches our lives at times of basic human need, when care and compassion are what matter most. The NHS is founded on a common set of principles and values that bind together the communities and people it serves – patients and public – and the staff who work for it. ¹

Social value relates to the positive impact that organisations can have on society, the environment and the economy. The concept of social value is interconnected with the values described within the NHS constitution.

NHS Supply Chain are part of the NHS family, and our role is to source, deliver and supply healthcare products, services and food for NHS trusts and healthcare organisations across England and Wales. Together with the NHS and our system partners, we are creating opportunities to deliver more value than simple price reductions, to the benefit of the overall healthcare system, and the patients that rely on and fund its services, while simultaneously building supply chain resilience and sustainability.

This report describes how NHS Supply Chain not only approach the regulatory requirements of social value in our procurement but how we as an organisation deliver social value, benefiting the communities and stakeholders that the NHS importantly serves.

This is our inaugural social value report covering the financial year 2023 - 2024.

¹ The NHS Constitution for England - GOV.UK



PPN 06/20: Social Value

Social value originated in the context of public sector procurement. The public services (social value) act 2012, marked a shift away from focusing on cost and efficiency as the main indicator of value towards a broader understanding of value. Including the positive impacts procurement and suppliers have on society and communities.

PPN 06/20 "Taking account of social value in the award of central government contracts" and the social value model, which underpin the 2012 act, detail five themes and policy outcomes.

1. COVID Recovery

a. Policy outcome: help local communities to manage and recover from the impact of COVID-19

2. Tackling Economic Inequality

- a. Policy outcome: Create new businesses, new jobs and new skills.
- b. Policy outcome: Increase supply chain resilience and capacity

3. Fighting Climate Change

a. Policy outcome: Effective stewardship of the environment

4. Equal Opportunity

- a. Policy outcome: Reduce the disability employment gap
- b. Policy outcome: Tackle workforce inequality

5. Wellbeing

- a. Policy outcome: Improve health and wellbeing
- b. Policy outcome: Improve community integration.

NHS Supply Chain's Approach

We streamlined our approach to applying social value in February 2024, and we take a standardised approach to how we apply PPN 06/20 and social value in our procurements. A standard question bank was developed for each of the outcomes of the social value model, these were then mapped to each of the procurement category codes. At the start of the procurement process, the sustainability tool is used to determine both the Modern Slavery Risk, and the social value questions relevant for the procurement. A minimum of 10% weighting is applied to our evaluation criteria. To learn more about our current approach you can watch this short social value video on our website: Net Zero Supply Chain and Suppliers.

In the last year we have learnt a lot by implementing this approach, the most important being that it does not always provide the social value outcomes it was intended to deliver. We are currently reviewing our approach to social value because of this, as well as the timely publication of an updated procurement note in February 2025 (PPN 002). Through our revised approach we will endeavour to better capture and communicate to our stakeholders what our suppliers' social value offer entails



and how our customers can explore these offers. We will be establishing an appropriate metric as part of this review for inclusion in future social value reports.

Social Value: Stakeholder Viewpoint

NHS Supply Chain are part of the NHS family. We manage the sourcing, delivery and supply of healthcare products, services and food to health and care providers. We have 600,000 products on our catalogue, manage relationships with over 1,000 different suppliers and deliver into 18,000 locations across every type of healthcare organisation each year. We therefore need to consider social value in three contexts:



Below is NHS Supply Chain's interpretation of social value through each viewpoint, the metrics we have committed to which demonstrate how we address the PPN social value themes and policy outcomes in the reporting year 2023-2024.

COVID Recovery

Policy outcome: Help local communities to manage and recover from the impact of COVID-19

NHS Supply Chain's interpretation: The COVID-19 pandemic has exacerbated existing economic and social challenges and created many new ones. Recovery from the pandemic is about how we can support communities and the economy through these challenges and optimise new opportunities.

Supplier viewpoint: NHS Supply Chain expect our suppliers to demonstrate how they meet our requirements for our tenders as set out in PPN 06/20 taking account of social value in the award of central government contracts.

NHS Supply Chain's COVID recovery question: Please describe the product which is the subject of this procurement and how it supports UK economic growth? How through the lifetime of the contract will you measure and improve the impact you are having on the UK economy?

NHS Supply Chain viewpoint: NHS Supply Chain played a significant role during the COVID-19 pandemic, providing essential pandemic stock to the system. NHS



Supply Chain is committed to learning lessons from COVID-19 to strengthen our approach to how we prepare for future pandemic risk. Additionally, NHS Supply Chain recognise the opportunities that the pandemic has provided including flexible and new ways of working for our employees. We have an opportunity through our Estates Strategy to ensure that the buildings we operate in support these new ways of working.

Customer viewpoint: Customers expect NHS Supply Chain to be prepared for a future pandemic, to learn lessons from COVID-19 and ensure that the NHS has the required stock it needs, when it needs it.

Read more about our business continuity plans here: <u>Certifications and Regulatory Compliance - NHS Supply Chain.</u>

Tackling Economic Inequality

1. Policy outcome: Create new businesses, new jobs, and new skills.

NHS Supply Chain's interpretation: Developing the skill levels of the current and future workforce making the United Kingdom the best place to start and grow a business. Providing better jobs helps employers to attract and retain the talent they need to grow and thrive.

Supplier viewpoint: NHS Supply Chain expect our suppliers to demonstrate how they meet our requirements for our tenders as set out in PPN 06/20 taking account of social value in the award of central government contracts.

NHS Supply Chain's tackling economic inequality question: Please describe the economic inequality issues within the supply chain related to the product which is the subject of this procurement? How through the lifetime of the contract will you measure and improve the impact you are having in the highlighted inequality?

NHS Supply Chain viewpoint: NHS Supply Chain is committed to developing our people, ensuring that our workforce can grow, learn and thrive in their roles. To operate as an anchor institution supporting training and development within the local community.

Metric: 5% club status for NHS Supply Chain.

Result: Silver status achieved October 2023.

• The 5% club is an organisation that campaigns for better skills training and recognised percentage of colleagues within the organisation in 'earn & learn' schemes. Learn about the 5% club here: Home - The 5% Club.

Customer viewpoint: Customers expect NHS Supply Chain to invest in its employees' training and development. Customers expect NHS Supply Chain to operate as an anchor institution supporting local communities and stakeholders,



including the NHS, with training and development opportunities. Customers expect that we hold our suppliers to the same high standards and that NHS Supply Chain, and our suppliers demonstrate and communicate the value we bring to communities through training and development opportunities.

Metric: Number of work experience days for school students provided by NHS Supply Chain within the reporting year.

Result: 62 students for the reporting year 2023-2024.

- NHS Supply Chain host a formal work experience week each year offering places for up to 15 students from local schools.
- We also launched an informal work experience programme in 2024-2025 where employees can bring a child to work for the day.
- NHS Supply Chain employees can also utilise their volunteering hours for schools' outreach programmes with a number of employees involved in schemes such as NHS ambassadors, Science, Technology, Engineering, and Mathematics (STEM) and climate ambassadors and literacy support.
- NHS Supply Chain are exploring further opportunities for schools' outreach to support our early careers programme.

2. Policy outcome: Increase supply chain resilience and capacity

NHS Supply Chains interpretation: Supply chain resilience refers to the ability of a supply chain to withstand disruption and minimise the effect of a changing and challenging landscape including raw material shortage, disruption in manufacturing and transport, geo-political events, and pandemics.

Supplier viewpoint: Our suppliers shall be prepared for any disruptions of its business (e.g. natural disasters, terrorism, software viruses, illness, pandemics, infectious diseases). This preparedness especially includes disaster plans to protect both employees and the environment as far as possible from the effects of possible disasters that arise within the domain of operations.

NHS Supply Chain viewpoint: Ensuring that all NHS trusts have equal access to key products required to provide patient care remains a top priority. NHS Supply Chain working alongside external organisations, is focused on enabling supply chain resilience for the NHS. NHS Supply Chain invest in a specific Supply Chain Resilience function tasked with minimising the impact of any supply chain disruption for NHS trusts, ensuring fair and equitable access to key products.

Metric: Number of supply chain disruptions managed within the reporting year by NHS Supply Chains resilience function.

Result: 157 supply chain disruptions managed by the resilience function for 2023-24.



When supply is disrupted, NHS Supply Chain apply a fair share demand management process to ensure available supply is equitably portioned across all NHS Trusts.

• Read more about how we are creating a resilient supply chain here: Certifications and Regulatory Compliance - NHS Supply Chain.

Customer viewpoint: Our customers rely on us to provide the right products at the right time so they can focus on delivering quality care. Expectation that we manage product supply disruptions and have preventative measures in place. Customers expect that our supply chain is diverse and supports small and medium sized enterprises (SMEs), UK businesses and innovation.

Metric: 12-month sales by SME class ratio.

Result: 37.3% of sales attributable to micro, SMEs for 2024-25.

Fighting Climate Change

Policy Outcome: Effective stewardship of the environment

NHS Supply Chain interpretation: Climate Change refers to changes in the world's weather, in particular the fact that it is believed to be getting warmer because of human activity increasing the levels of carbon dioxide in the atmosphere. Environmental stewardship focuses on conscious ethical decision making recognising the value of the natural world and our place within it.

Supplier viewpoint: NHS Supply Chain expect our suppliers to demonstrate how they meet requirements for our tenders as set out in PPN 06/20 taking account of social value in the award of central government contracts.

All NHS Supply Chain frameworks include a mandatory social value question on fighting climate change: please describe the carbon or environmental impact of the product which is the subject of this procurement? How through the lifetime of the contract will you measure and reduce this impact?

Additionally, our suppliers are required to comply with PPN 06/21 taking account of carbon reduction plans in the procurement of major government contracts.

Metric: Supplier completion of carbon reduction plan to compliant level for contracts awarded within the reporting year.

Result: 100% of suppliers completed carbon reduction plans to a compliant level for 2023-24



NHS Supply Chain viewpoint: NHS Supply Chain are part of the NHS family, and we are committed to meeting the NHS net zero carbon targets:

- Net zero for the NHS footprint by 2040
- Net zero for NHS footprint plus by 2045.

We understand the link between climate change and health and recognise that a climate emergency is a health emergency.

Metric: Annual publication of carbon footprint and carbon reduction plan.

Result: Carbon footprint published as part of NHS Supply Chain's financial statement. NHS Supply Chain will publish its first Carbon Reduction Plan in 2024-2025.

- Find our carbon reduction plan on our website here: <u>NHS Supply Chain</u> Sustainability.
- Read NHS Supply Chain's annual report and financial statement here, which includes our carbon footprint: <u>Publication Scheme - Supply Chain</u> Coordination Limited.

Customer viewpoint: Customers expect that NHS Supply Chain is taking action to reduce carbon emissions. Customers recognise that a large proportion of the NHS Carbon Footprint is attributable to the products and services procured through NHS Supply Chain and therefore expect NHS Supply Chain to be leading the way on scope 3 emissions reduction. Customers expect that we are holding our suppliers to account for their contribution to climate change as well as sourcing products and services that contribute to a more sustainable system.

Metric: The ratio of sustainable opportunities per framework that are clearly articulated to the customer with clear communicated processes for the customer to access.

This metric was newly established in 2025 and will be reported on in our social value report for 2025-26.

 For further information on sustainability case studies and sustainable opportunities visit our website here: NHS Supply Chain Sustainability.

Equal Opportunity

- 1. Policy Outcome: Reduce the disability employment gap
- 2. Policy Outcome: Tackle workforce inequality.

NHS Supply Chain interpretation: Equality, Diversity and Inclusion (ED&I) are interrelated concepts that focus on promoting fairness, inclusion, and valuing differences.



Supplier viewpoint: NHS Supply Chain expect our suppliers to demonstrate how they meet our requirements for our tenders as set out in PPN 06/20 taking account of social value in the award of central government contracts.

NHS Supply Chains equal opportunity question: Please describe the ED&I issues within the industry related to the product which is the subject of this procurement? How through the lifetime of the contract will you measure and improve the impact you are having in the highlighted ED&I field?

NHS Supply Chain viewpoint: NHS Supply Chain is committed to creating a diverse and inclusive workplace where everyone can thrive. ED&I is about creating a working environment and cultures where every individual can feel safe, a sense of belonging and is empowered to achieve their full potential.

Metric: Total percentage of full-time equivalent (FTE) ethnically diverse employees at NHS Supply Chain, as a proportion of the total FTE contract. Ethnically diverse refers to any ethnicity category other than white (which includes white minority groups)

Result: 7.7% for reporting year 2023-2024.

Metric: Total percentage of full-time equivalent (FTE) employees with disability (including long term health and neurodivergent conditions) employed by NHS Supply Chain, as a proportion of the total FTE contract workforce.

Result: 5.1% for the reporting year 2023-2024

Customer viewpoint: Customers expect that NHS Supply Chain operate a diverse and inclusive workplace. Customers expect that the products and services we provide contribute to reducing health inequalities.

NHS Supply Chain established a health inequalities assessment approach for our frameworks in 2024. This is one of eight assessments which makes up our clinical and quality assurance framework. For further details of our clinical and quality assurance framework see the health and safety section of this report.

3. Policy Outcome: Tackle workforce inequality - modern slavery and labour rights

Identifying and managing the risks of modern slavery is a sub criteria of policy outcome tackling workforce inequality. Due to the identified risk of modern slavery within NHS supply chains, NHS Supply Chain are including this as a standalone theme with associated metrics, for the purposes of this report.

NHS Supply Chain interpretation: Fair labour practices refer to policies and actions that uphold workers' rights, ensure equitable treatment, and promote safe, healthy, and respectful work environments.

Supplier viewpoint: Our suppliers are required to demonstrate that they comply with Modern Slavery legislation and PPN 02/23 when tendering for NHS Supply Chain frameworks.



NHS Supply Chains modern slavery question: Please describe the modern slavery issues within the supply chain related to the product which is the subject of this procurement. How through the lifetime of the contract will you identify, mitigate, and manage modern slavery risks and improve the impact you are having in the areas identified as at risk of modern slavery?

Metric: Supplier completion of modern slavery assessment tool to satisfactory level for frameworks awarded within the reporting year.

Result: 100% of suppliers completed the MSAT to a satisfactory level for 2023-2024.

 The Modern Slavery Assessment Tool (MSAT) is a modern slavery risk identification and management tool. This tool has been designed to help public sector organisations work in partnership with suppliers to improve protections and reduce the risk of exploitation of workers in their supply chains. Find out more about MSAT here: <u>Modern Slavery Assessment Tool -Supplier Registration Service.</u>

NHS Supply Chain viewpoint: NHS Supply Chain comply with UK labour and employment law and have policies and processes in place to ensure that NHS Supply Chain is not only compliant with requirements but also a great place to work.

Metric: Best companies accreditation level.

Result: NHS Supply Chain received 'One to watch' in the BCI index which means good to work for in the reporting year 2023-24.

Best companies' accreditation is based on assessment against eight factors:

- 1. Leadership
- 2. Wellbeing
- 3. Personal growth
- 4. Teamwork
- 5. Recognition
- 6. Fairness
- 7. Communication
- 8. Engagement.



The accreditation has four levels:



• Find out more about BCI here: <u>Best Companies | For a better workplace.</u>

Customer viewpoint: Customers expect NHS Supply Chain to comply with UK labour and employment law and to ensure that we carry out appropriate due diligence on our supply chain to eradicate modern slavery risk.

- To understand our full due diligence approach, you can read our modern slavery statement here: <u>Publications Supply Chain Coordination Limited</u>
- Or watch this short modern slavery video on our website: <u>Net Zero Supply Chain and Suppliers.</u>

Wellbeing

1. Policy outcome: Improve Health and Wellbeing

For the purposes of this report, we have split out Health and Safety and Wellbeing into two separate themes, with reportable metrics.

a. Health and Safety

NHS Supply Chain interpretation: Health and safety is about preventing harm. It means keeping people safe and healthy.

Supplier viewpoint: NHS Supply Chain expect our suppliers to strive to implement the standards of occupational health and safety at a high level. Suppliers



comply with applicable occupational health and safety regulations and provides a work environment that is safe and conducive to good health, in order to preserve the health of employees and prevent accidents, injuries and work-related illnesses.

NHS Supply Chain's tender question on health and safety: Please describe the arrangements you have in place to manage health and safety effectively and control significant risks relevant to the contract (including risks from the use of contractors, where relevant).

NHS Supply Chain viewpoint: Through the active support and involvement of the Health, Safety and Wellbeing Forum, Executive Team, and the Senior Leadership Team (SLT), NHS Supply Chain are committed to delivering a great service to our customers in a manner which:

- Provides and maintains a safe and healthy workplace for our employees, contractors and visitors and will strive to prevent workplace injury and ill health.
- Provides safe, secure, and fit for purpose premises for customers, staff, and visitors.

Metric: Corporate KPI: Less than 0.6 lost Time Injuries (LTI) per 200,000 hours.

This metric was established for the reporting year 2024-2025. Our baseline year is 2023-24 where 0.87 LTI were reported.

Customer viewpoint: NHS Customers expect NHS Supply Chain to operate a safe business, adhering to health and safety legislation and when visiting NHS sites to operate in a safe manor. Customers expect that the products procured by NHS Supply Chain are safe, meet the highest quality standards and satisfy end-user requirements and patient needs.

Metric: 100% of frameworks that are going through tender within the reporting year will meet all standards of our clinical and quality assurance framework.

This metric was established in the reporting year 2024-2025 and will be reported on for our 2024-25 social value report.

• Read about our CQA approach here: Clinical Assurance » NHS Supply Chain.

b. Wellbeing

NHS Supply Chain interpretation: Wellbeing is not just the absence of disease or illness. It is a complex combination of a person's physical, mental, emotional, and social health factors. Wellbeing is strongly linked to happiness and life satisfaction. In short, wellbeing could be described as how you feel about yourself and your life.



Supplier viewpoint: NHS Supply Chain expect our suppliers to demonstrate how they meet our requirements for our tenders as set out in PPN 06/20 taking account of social value in the award of central government contracts.

NHS Supply Chain's wellbeing question is: Please describe the mental and physical health issues within the industry related to the product, which is the subject of this procurement, how through the lifetime of the contract will you measure and improve the impact you are having on the highlighted issues.

NHS Supply Chain viewpoint: Promoting and supporting the wellbeing of our people is at the heart of our One NHS Supply Chain culture. We want employees to have a great work life balance as well as supporting personal resilience and to create a positive working environment where everyone can thrive.

Metric (Mental wellbeing): Number of certified mental health first aiders within the business within the reporting year.

Results: NHS Supply Chain had 18 trained mental health first aiders within the business for the reporting year 2023-24.

 Mental Health First Aiders are NHS Supply Chain employees who have completed the MHFA certified course. <u>Become a Mental Health First</u> <u>Aider MHFA England.</u>

Metric (Physical wellbeing): Number of activity hours logged on the Myles health and wellbeing app by employees within the reporting year.

Results: 42,610 hours of activity were logged by employees within the reporting year 2023-24.

• The Myles Health and Wellbeing App allows partner organisations to reward staff who log their wellbeing and fitness activities. <u>Myles - Create epic virtual</u> steps challenges.

Financial wellbeing: NHS Supply Chain offers a flexible allowance enabling employees' choice to select the benefits which are most valuable to them and their personal circumstances. Employees are also able to access financial support via our employee assistance programme.

Customer viewpoint: Delivering quality services to the NHS that ensure NHS Supply Chain are meeting customer expectations and enhancing their satisfaction. That we provide the right products, at the right time to the NHS which ensures that health and care providers can focus on delivering care to patients. By providing a quality service NHS Supply Chain are reducing stress in the system and contributing to the wellbeing of our NHS colleagues.



Metrics: Deliver a rolling 12-month net overall satisfaction rating improvement throughout 2024/25

This metric was established for the reporting year 2024-25. Our baseline year is 2023-24 with a satisfaction rating of 55%

2. Policy Outcome: Improve community integration.

NHS Supply Chain interpretation: Volunteering and outreach: Involves services to a set of people who may not have access to it otherwise.

Supplier viewpoint: NHS Supply Chain expect our suppliers to demonstrate how they meet our requirements for our tenders as set out in PPN 06/20 taking account of social value in the award of central government contracts.

NHS Supply Chain question linked to volunteering and outreach is: Please describe the mental and physical health issues within the industry related to the product, which is the subject of this procurement, how through the lifetime of the contract will you measure and improve the impact you are having on the highlighted issues.

NHS Supply Chain viewpoint: NHS Supply Chain is an anchor institution and recognise the role we play in supporting our local communities. NHS Supply Chain provides up to two days paid volunteering for our employees to build connections with their local communities and give back to society while working on issues they feel passionate about.

Metric: Volunteering hours logged by NHS Supply Chain employees within the reporting year.

Result: 2725.4 hours volunteering were logged by employees for the reporting year 2023-24.

Customer viewpoint: Customers expect NHS Supply Chain to act as an anchor institution and to support local communities. Customers expect that we hold our suppliers to the same high standards and that NHS Supply Chain, and our suppliers demonstrate and communicate the value we bring to communities through volunteering and outreach programmes.



Summary of Metrics and Outcomes for the Reporting Year 2023 -2024

Social Value Policy Outcome / Theme	Metric	Reporting Year outcome (2023-2024)
Tackling Economic Inequality: Education and skills	NHS Supply Chain 5% Club status.	Silver status achieved October 2023
Tackling Economic Inequality: Education and skills	Number of work experience days for school students provided by NHS Supply Chain within the reporting year.	62
Increase supply chain resilience and capacity	Number of supply chain disruptions managed within the reporting year by NHS Supply Chains resilience function.	157
Increase supply chain resilience and capacity	12-month sales by SME class ratio.	37.3%
Fighting Climate Change	Supplier completion of carbon reduction plan to compliant level for contracts awarded within the reporting year.	100%
Fighting Climate Change	Annual publication of NHS Supply Chain carbon footprint and Carbon Reduction Plan.	Published
Fighting Climate change	The ratio of sustainable opportunities per framework that are clearly articulated to the customer with clear communicated processes for the customer to access.	This metric was established in 2025.
Equal Opportunity: Disability employment gap	Total percentage of full-time equivalent (FTE) employees with disability (including long term health and neurodivergent conditions) employed by NHS Supply Chain, as a proportion of the total FTE contract workforce.	5.1%
Equal Opportunity: workforce inequality / EDI	Total percentage of full-time equivalent (FTE) ethnically diverse employees at NHS Supply Chain, as a proportion of the total FTE contract.	7.7%
Equal Opportunity: Modern Slavery and Labour Rights	Supplier completion of modern slavery assessment tool to satisfactory level for frameworks awarded within the reporting year.	100%
Equal Opportunity: Modern Slavery and Labour Rights	Best companies' accreditation level for NHS Supply Chain.	One to watch (Good to work for)
Wellbeing: Health and	Less than 0.6 lost time injuries per 200,000 hours*	0.87*
Safety	*This metric was established in the reporting year 2024-2025.	*2023-24 is our baseline year.



Wellbeing: Health and Safety	100% of frameworks that are going through tender within the reporting year will meet all standards of our clinical and quality assurance framework.	Metric was established in 2025.
Wellbeing: Mental Health	Number of certified mental health first aiders within the business within the reporting year.	18
Wellbeing: Physical Health	Number of activity hours logged on the Myles health and wellbeing app by employees within the reporting year.	42,610 hours
Wellbeing	Overall Customer Satisfaction Survey: Deliver a rolling 12-month net overall satisfaction rating improvement throughout 2024/25.	55%* *2023-24 is our baseline year.
Wellbeing: Improve community integration / Volunteering	Volunteering hours logged by NHS Supply Chain employees within the reporting year.	2725.4 hours