SFMI SPOTLIGHT

JULY 2025

A WORD FROM US

Hello and welcome to the July Spotlight! We're in the midst of a heatwave here in southern England, and summer is in full swing.

Here at the SFMI, we've had a busy few months. In May, we kicked off the 2025 SFMI programme, and it was great to see so many of you there! In June, we had our SFMI Criteria Changes meeting, where we went over the assessment criteria updates. If you haven't already, please do check out our new 22 criteria document.

Also in June, we had our SFMI Leaders Forum focusing on Social Value. This was an interesting and productive discussion, featuring Laura Muir, from Scotland Excel. You'll find a summary of this roundtable later in this newsletter.

SFMI Partners: we're now getting ready for the autumn assessments, hopefully most of you have your dates booked! We will be in touch in the coming weeks with details of what you need to do to prepare.

We hope you all have a lovely summer, and we look forward to seeing you in the autumn!

Kristen Mierzejewski
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REGULATORY UPDATE

Updated GHG Standards Set to Reshape Net-Zero Claims – What It Means for Facilities Management

Kristen Mierzejewski

A new wave of global climate disclosure reforms is poised to reshape how organisations measure and communicate their greenhouse gas (GHG) emissions. Updates from the International Sustainability Standards Board (ISSB), the Science Based Targets initiative (SBTi), and the GHG Protocol are driving a shift towards greater rigour, transparency, and real-world impact, particularly in Scope 2 and Scope 3 reporting.

Tightening the Rules on Scope 2 Emissions

A major focus of the forthcoming updates is on Scope 2 emissions (indirect emissions from purchased electricity). Historically, many organisations have used market-based methods to claim zero-emissions electricity based on purchasing certificates or power from clean sources not directly connected to their own grid or time of consumption.

Under the anticipated revisions from the GHG Protocol, such claims will need to meet much stricter criteria. Companies will only be able to report zero-carbon electricity where generation and consumption are time- and location-matched, that is, within the same grid system and timeframe, unless storage solutions are in place. There will also be a stronger focus on transparency around contractual instruments, requiring disclosure of the actual impact of green power deals on grid decarbonisation.

This change poses a clear challenge for FM providers who have leaned on certificates or offsite renewable contracts to demonstrate climate leadership. Instead, FM teams will need to rethink energy procurement strategies to prioritise locational and temporal alignment and prove that their actions measurably contribute to decarbonisation.

Scope 3 Scrutiny and Materiality

The reforms are also set to strengthen expectations around Scope 3 emissions (the indirect emissions occurring across an organisation's value chain). FM teams, whether providing outsourced, out-tasked operations or in-house teams, procurement, travel, and waste, will be under pressure to deliver clearer, material emissions data that clients can integrate into their own disclosures. In particular, outsourced providers will need to be reporting emissions for customers as Sold Services.

Scope 3 targets will need to be set based on material issues and impacts, aligning more closely with business strategies. There is also a shift away from generic offsetting towards Beyond Value Chain Mitigation (BVCM). These actions support broader climate goals but are transparently distinct from emissions reductions within the company's own footprint.

These changes will require FM providers to move beyond broad sustainability commitments and towards targeted, evidenced emissions reductions, with robust data systems in place.

Separate Targets and Transition Plans

The SBTi's Net-Zero Corporate Standard (Version 2) is expected to require separate targets for Scope 1 and Scope 2 emissions, formalising what is already in place for UK government departments under the Greening Government Commitments (GGCs). This will help to address the current limitations of combined targets and provide clearer accountability across emissions categories.

Additionally, companies will be expected to develop credible transition plans that explain how they will achieve their emissions targets. These plans must provide tangible roadmaps, not just goals, with clear steps, timeframes, and responsibilities. For FM providers, this means embedding sustainability into core service delivery, procurement, and workforce development, rather than treating it as an external add-on.

Overhaul of Measurement Methods

The reforms also aim to overhaul the relationship between market-based and location-based reporting, addressing the disconnect between reported emissions and real-world climate impact. Tools such as contractual instruments (e.g. renewable energy certificates or power purchase agreements) will be scrutinised more closely, ensuring they are tied to actual grid decarbonisation outcomes.

Together, these changes will drive more accurate, consistent, and comparable emissions reporting, something that the ISSB's IFRS S2 climate disclosure standard is already pushing through its global harmonisation efforts.

What This Means for FM

This evolving landscape demands a proactive response from the FM sector. To stay ahead of regulation and meet client expectations, FM must:

- Revisit Scope 2 claims to ensure energy procurement aligns with time and location matching requirements.
- Invest in systems for Scope 3 data collection and materiality assessment, particularly in outsourced services and procurement.
- Prepare for separate reporting of Scope 1 and 2, with supporting transition plans that lay out credible emissions reduction pathways.
- Shift from offsetting to Beyond Value Chain Mitigation, aligning with best practice while maintaining transparency.
- Build capacity and skills across teams to meet the technical and reporting demands of new standards.

Ultimately, these updates mark a turning point. The FM sector is no longer just supporting buildings, it is becoming integral to achieving real, verifiable climate outcomes. Those who adapt quickly and embrace transparency will be better positioned as trusted partners in a decarbonising economy.

Acclaro Advisory can support with any reporting needs you have. Please get in touch to learn more.

Social Value in Facilities Management: Insights from the Roundtable Discussion

Social value is rapidly becoming a central pillar in Facilities Management (FM), reshaping how providers deliver services and engage with communities. Last month, the SFMI hosted a Leadership Forum to bring together FM leaders to discuss the current landscape, challenges, and future directions for social value in FM. The focus was on understanding how social value is defined, measured, and embedded in FM contracts, with the new Procurement Act allowing a different methodology to be implemented. . Their insights shed light on both progress made and critical gaps that remain. Laura Muir, Strategic Procurement Manager at Scotland Excel, shared her insights on implementing social value practices within procurement strategies to create positive impact on communities in Scotland.

Challenges faced by FM providers

Despite these priorities, the roundtable revealed that many challenges remain.

1. **Measurement & reporting of social value**

While frameworks like the UK Government's Social Value Model have helped increase understanding, there is still a lack of consistency in how social value is defined and reported across different contracts and clients. Many providers, especially smaller firms, struggle to dedicate sufficient resources and expertise to capture meaningful and reliable data. Additionally, current measurement approaches often focus primarily on positive impacts, neglecting to consider any negative or unintended social consequences, which risks an incomplete or overly optimistic picture of social value delivered.

2. Economic and contractual pressures

Economic and contractual pressures add another layer of complexity to delivering social value in FM. Tight budgets and financial constraints often lead to the scaling back or elimination of community benefit initiatives such as apprenticeships or local employment opportunities.

Unlike construction contracts, which frequently include enforceable penalties to ensure social value commitments are met, FM contracts rarely have such strong mechanisms for accountability, making it difficult to guarantee delivery. Furthermore, smaller suppliers often face significant barriers to competing against larger firms due to challenges in demonstrating social value at scale, which limits the diversity and inclusivity of the supply chain.

3. Supply chain inclusion

Supply Chain Inclusion presents ongoing challenges for FM providers. While awareness of the need to engage diverse and minority-led businesses is increasing, the practical implementation of this ambition remains uneven. Many organisations lack targeted strategies to effectively increase the participation of diverse suppliers, and where such strategies do exist, they are often insufficiently resourced to achieve meaningful impact. Furthermore, the measurement of supplier diversity is inconsistent across the sector, which hinders transparency and accountability in tracking progress. Although there are valuable opportunities to collaborate with voluntary, community, and social enterprises (VCSEs) and other social enterprises to enhance social value, these partnerships are not always fully leveraged or embedded within FM delivery models.

4. Skills development & workforce

Skills Development and Workforce challenges are a pressing concern for the FM sector, especially as it grapples with an ageing workforce and significant skills shortages. Roundtable participants emphasised the critical role that apprenticeships, upskilling programmes, and especially green skills development will play in future-proofing the sector. Engaging young people through community outreach initiatives and educational partnerships was widely recognised as essential to building a sustainable talent pipeline.

However, these efforts require sustained investment and long-term commitment, without which social value ambitions related to workforce development risk falling short.

Linking social value & sustainability

A key insight that emerged from the roundtable was the increasing integration of social value with environmental sustainability, particularly in relation to Scope 3 carbon emissions within the supply chain. Participants noted how social value strategies are evolving to include skills development and employment opportunities directly linked to decarbonisation efforts. This connection reflects a broader understanding that social and environmental goals are deeply intertwined rather than separate. The discussion emphasised the urgent need for more joined-up approaches that align social value outcomes with net-zero targets and the wider ESG frameworks that organisations are adopting. Such alignment not only strengthens the impact of FM initiatives but also ensures that sustainability is addressed in a holistic and strategic way.

Reflections on measurement frameworks

Measurement was a central theme of the conversation, with the group recognising the importance of capturing a balanced picture of social value in FM. There was a shared understanding that measurement frameworks need to go beyond simply tallying positive contributions; they must also account for any unintended negative social impacts that FM activities might have.

Participants stressed the need for greater standardisation to enable meaningful comparison and benchmarking across different contracts and organisations, which would drive transparency and continuous improvement.

Additionally, the group highlighted the importance of developing tools that are accessible to all providers, including SMEs, coupled with capacity-building initiatives to support robust data collection and reporting.

Leveraging the Procurement Act 2023 to drive social value: lessons from Scotland Excel

Scotland Excel plays a vital role in supporting Scotland's local authorities through sustainable and socially responsible procurement. With a focus on creating measurable social value, the organisation embeds community benefits and Fair Work First Principles into its £2 billion contract portfolio. This includes driving real Living Wage adoption, supporting apprenticeships, and enabling councils to reinvest in their communities.

Encouraging client side organisations to define where social value would provide the greatest benefits as part of the procurement exercise helps coordinate support where the community most needs it. Rewarding suppliers who deliver on the pledges with credits incentivises behaviours and promotes suppliers and communities working collaboratively for mutual benefit.

Looking ahead: Recommendations from the Roundtable

Looking to the future, the roundtable identified several clear recommendations to advance social value in FM:

- Embedding social value from the outset of contract development was seen as vital, with an emphasis on establishing clear key performance indicators (KPIs) and enforceable outcomes to ensure accountability.
- Developing targeted supply chain diversity programmes, backed by measurable objectives and dedicated resources, was another priority.
- Participants also called for increased investment in skills and workforce development, particularly focusing on apprenticeships and green skills that align with the sector's evolving needs.
- Fostering collaboration between clients, suppliers, and local communities emerged as a critical factor for co-creating meaningful and impactful social value initiatives.
- Strengthening measurement frameworks to capture a more holistic view of social impact and enable transparent reporting was seen as essential to sustaining progress and demonstrating value to stakeholders.

Latest from the SFMI

With the 2025 SFMI programme officially launched, we're gearing up for a busy few months of audits starting in the autumn.

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Social Value Leaders Forum

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UPCOMING EVENTS

Facilities & Estates Management Live
7th & 8th October
This is a brand new event for 2025 run by FMJ. The SFMI will be speaking - more details on our session to follow.

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