

## *Doing Good is Good Business* **Roundtable**

Public Services (Social Value) Act – Review and Cross Party  
Recommendations

July 2014

# Public Services (Social Value) Act – Review and Cross Party Recommendations

## Contents

### Section 1 Executive Summary

- 1.1 Overview
- 1.2 Key findings
- 1.3 Discussion and challenges
- 1.4 General Recommendations to improve The Act
- 1.5 Cross Party Recommendations

### Section 2 - Supporting Evidence

- 2.1 Introduction
- 2.2 Business Review
- 2.3 Social Enterprise Review
- 2.4 Third Sector Review
- 2.5 Local Government Review

## Section 1 - Executive Summary

### 1.1 Overview

The Social Value Act (The Act) was passed into law in February 2012 and was formally implemented from 31<sup>st</sup> January 2013. The Act has received wide spread support across all sectors of the value chain and has created a high degree of interest and activity amongst the public sector, private sector, social enterprise and third sector bodies alike.

The Act is unique in that it received widespread and cross party support and it is important that this 'spirit' of collaboration is maintained and that the benefits of The Act are not lost in party politics.

This paper follows on from The Social Value Roundtable (24<sup>th</sup> February 2014) sponsored by Hazel Blears MP and Chris White MP.

The purpose of the paper is to summarise progress and to identify how all Parties can maintain the momentum that The Act has generated to date.

This paper has been prepared by Guy Battle (The Sustainable Business Partnership<sup>1</sup>) with input from NCVO and additional editorial support from BITC and Social Enterprise UK who have also reviewed the findings and recommendations.

The findings and recommendations contained within this report are based on a number of reports and surveys carried out previously supplemented specifically with interviews and a specific survey carried out by BITC in support of this paper.

The paper is divided into two sections

- **Section 1** – Executive summary including general and cross party recommendations
- **Section 2** – Supporting evidence, case studies and interviews

### 1.2 Key findings

- Business has responded very positively to The Act and views it as a means of demonstrating and evidencing their community activities that many are already delivering. Larger national businesses are leading the debate and driving the agenda as they tend to be in the front line of procurement. Even

---

<sup>1</sup> The Sustainable Business Partnership is a social enterprise focussed on delivering sustainable solutions for business - Contact Guy Battle – [guy.battle@sbpltd.uk.com](mailto:guy.battle@sbpltd.uk.com)

so, less than 1/3 of businesses consulted<sup>2</sup> said that they had a high awareness of its requirements.

- A survey<sup>3</sup> conducted by SEUK, found that 75% of Local Authorities (LAs) are aware of The Act. However, 31% of commissioning and procurement staff and 51% of providers who responded feel there is a lack of sufficient guidance on the Act. This finding is backed up by business who state 'lack of clarity' as being one of the key barriers to uptake.
- Business is generally finding that the way in which The Act is being applied is inconsistent amongst LAs and that there is little agreement on terminology, reporting standards or bid requirements. This is ultimately leading to frustration and additional bespoke work for each submission.
- Businesses are reporting SV through a wide range of reporting frameworks with the majority of respondents relying on non-financial reporting measures such as 'narratives' or 'case studies'. This inevitably makes it difficult for LAs to compare submissions and leaves decisions open to challenge. To counteract this issue, there is a need for common language, terminology and definitions in order to better assess narrative/case study based evidence and measurement of 'intangibles'
- An overwhelming majority of respondents to the BITC survey (85%) would like additional guidance from commissioners and/or Government with key issues being consistency, <sup>4</sup>transparency and accountability of decision making. There is a danger that if business are led to believe that there is not a 'level playing field' then The Act will not deliver to its full potential.
- There is a clear call for a joint dialogue between public, private sector and community groups to facilitate 'joined up' thinking and action, to remove duplication of effort, to ensure proportionality and to ensure real (useful, targeted and contextual) value is being delivered.
- It is clear that more sophisticated and transparent tools are required within the procurement framework. At the moment many organisations are making efforts to justify the value of their offer but as yet there is no consistency in either measurement or reporting terminology which makes it difficult for commissioners to compare solutions during their decision making.
- The Act has inspired a number of innovative solutions such as the Social Earnings Ratio <sup>5</sup>developed by The Centre for Citizenship, Enterprise and

---

<sup>2</sup> BITC Survey April 2014

<sup>3</sup> Survey carried out by SEUK in 2013

<sup>4</sup> One respondent stated that one recent local authority contract was based on 70% cost, 30% quality – SV was not mentioned.

<sup>5</sup> The S/E Ratio uses a multi-stakeholder engagement tool to assess total corporate value, where Total Value = S/E + P/E – the creation of Professor Olinga Ta'eed.

Governance at The University of Northampton, or Trading For Good <sup>6</sup>which is ‘a unique digital service encouraging businesses to do more in socially responsible ways’. Also, HACT is creating the largest bank of methodologically consistent and robust social values ever produced – The Social Value Bank <sup>7</sup>provides a basic assessment of social impact, to allow comparison of the impact of different programmes or to be used within a full SROI or Cost-Benefit Analysis. It is available for housing providers to use at no cost.

- Measurement and data collection in some cases may lead to increased time / cost to evaluate the actual social value of bids. Commissioners need resources and support which help them identify and track an organisations’ capacity to deliver what it has promised.
- There is a clear role for non-Local Authority Public Sector bodies such as Clinical Commissioning Groups <sup>8</sup>and Housing Authorities as buyers of social value, however, no research has been carried out on how such bodies are progressing with implementing The Act beyond those housing associations who responded to the BITC survey.
- There is general consensus amongst all sectors that that The Act should be extended beyond services to include Goods and Works <sup>9</sup>with a significant group of businesses and SEs asking that The Act should have ‘more teeth’ although there is a clear and underlying request ‘to get it right before expanding’ There is also some concern that over legislating would lead to organisations doing only what is necessary, rather than investing for the long-term in sustainable activities.
- The Act is having many positive and unintended consequences with some businesses<sup>10</sup> now looking to adopt the spirit of The Act within their supply chains (i.e. beyond focussed community CSR projects)
- There is recognition that some LAs and Public Sector bodies are well ahead<sup>11</sup> of the curve but with some parties<sup>12</sup> falling well behind. There is a need for a shared and coordinated approach to education and training amongst all Public Sector bodies.
- In the cases where LAs are leading, it is apparent that Councillors have taken a strong leadership position. There is a call for targeted communication especially to this leadership group.

---

<sup>6</sup> <http://www.tradingforgood.co.uk/>

<sup>7</sup> <http://www.hact.org.uk/social-value-bank>

<sup>8</sup> One interviewee stated that he felt that CCGs are lagging badly in this respect

<sup>9</sup> Some Authorities such as Birmingham City Council are already doing this

<sup>10</sup> For example Deloitte, Wilmott Dixon, Veolia and many others who contributed to this paper. See Section xxx

<sup>11</sup> SE West Midlands have set up a group of champions across all LAs. Liverpool and Durham LA have coordinated SV strategies

<sup>12</sup> CCGs were noted by a number of parties as being behind the curve

- Inevitably big business is significantly focussed on the debate as they have time and resources to engage with The Act although it is also clear that the third sector is leading the debate in terms of guidance, research, lobbying and media communications. However, there appears to be little evidence that SMEs are aware of The Act and it is important that this community is not left behind
- There is concern amongst some businesses that do not work locally, but provide a national service the Local Authorities that they will be somehow penalised as they necessarily cannot have an office in every Borough.
- As expected, the Social Enterprise community and Voluntary Sector are very supportive of The Act, although given the age of The Act, there is little hard evidence yet that any real and widespread benefits are being felt.

### 1.3 Discussion and challenges

#### *Is The Act making a difference?*

One year on and The Act is having a beneficial impact on both public sector procurement and business. It has caught the 'sprit' of the times with respect to responsible capitalism and is allowing business to demonstrate how it may better contribute to improving our society and environment.

A recent Cabinet Office Report <sup>13</sup>describes the successes to date, covers some of the barriers to uptake and identifies further action that The Government is planning to take.

There is clear evidence that many authorities are beginning to include SV in their tenders<sup>14</sup> and there is a clear view from all sectors that as an 'enabling' piece of legislation the Act has the potential to transform how the public sector, business and voluntary organisations can work together in delivering successful and integrated social outcomes.

Delivering additional social value, often makes good business sense and The Act has the potential to tap into the innate good that business wishes to deliver by allowing business to do and to be recognised for doing 'the right thing'.

#### *Are communities benefitting from The Act?*

---

<sup>13</sup> Public Services (Social Value) Act 2012: One Year On

<sup>14</sup> See NCVO Report – Commissioning for Social Value March 2014

It is too early to judge whether The Act itself is making any significant difference at a community level, but emerging evidence shows that taking a measurable social value approach is making a difference. The most recent and most wide-ranging survey to date on social value, carried out among local authorities and housing associations reveals that 71% say the approach has led to better service delivery, more than half say it has resulted in cost savings, and 78% say it has led to better community relations<sup>15</sup>. It is therefore important that evidence is gathered to support The Act so that it provides a framework for continuous improvement.

### *Is more guidance needed?*

One of the key attributes of The Act is that it is not prescriptive and forms a framework for each public sector and local authority body to translate it in a manner that delivers local or specific departmental needs. However, without some additional guidance, particularly around terminology, definitions and common use of language, there is a clear danger that this will lead to a multiplication of methodologies and uncertainty amongst providers and commissioners alike.

SEUK also found that there is enormous variation in the legal advice being given to public bodies and they are told that many in-house lawyers still maintain that social value-led purchasing contradicts EU regulations, whilst others suggest a superficial tick-box approach will neatly avoid having to make any real changes. Loud and consistent messaging from Government to reinforce this would go a long way

### *Should The Act be extended beyond the provision of services?*

Many local authorities are already considering this and some have already taken the Act to include Goods and Works including construction. All sectors are widely supportive of an extension and this is unlikely to receive much resistance.

### *Will The Act add costs and regulatory burden?*

It is interesting to note that during our work neither 'cost burden' nor 'red tape' has been mentioned as an issue. It is clear that the Act, albeit in early stages of uptake, is delivering a win-win situation for all parties. However, it is important that The Act does not develop into a stick with which to force business to provide services that are neither compatible with 'core purpose' nor qualifications although it may be argued<sup>16</sup> that one of the key objectives of the Act is to go beyond traditional service boundaries and look at community needs in the whole, so providers may well be asked to provide things that have not traditionally been "core" to their own business in order to deliver value that meets the needs of the local community.

### *Are any unintended consequences emerging?*

---

<sup>15</sup> Communities Count: The Four steps to unlocking social value.

<sup>16</sup> A case made by SEUK

There is a danger that LAs will develop strategies that only recognise and reward local benefits rather than national benefits. This will specifically impact national businesses with national contracts where it is plainly not possible to deliver 'local SV' within every LA where they are working. This may also impact smaller businesses that adjacent local authority areas, and may be contributing to the area that they are based but because of size and scale cannot contribute to the area that they are bidding as well.

## 1.4 General Recommendations to improve The Act

### Guidance

Guidance is required for the following

- Stakeholder Analysis - How should Councils identify key stakeholders to identify needs through community engagement linking with private, voluntary and public sectors
- Materiality – How should LAs and Departments prioritise stakeholder issues
- Metrics and KPIs - Definitions, outcomes and measures – how should Commissioners identify these, collect them and assess them
- Legal obligations and opportunities to implement The Act

This should include targeted guidance for example Commissioners who should be asked to:-

- Adopt a written policy and a nominated lead for social value
- View social value as a route to innovation and cost savings, not just as the creation of positive social outcomes or, worse, compliance to the Act
- Integrate and consider social value across all services, regardless of size
- Measure the social value being created against a clear sense of what is trying to be achieved, proportionately, and throughout the length of contracts.

### Communication and Training

Communication to raise awareness and training to instil good practice knowledge is required at all levels of the Social Value Chain.

- Councillors
- Commissioners and procurement teams
- Businesses including SMEs
- Social Enterprise and Voluntary sectors

Communication should be delivered through representative bodies and associations e.g. BITC, CBI, LGA, NCVO, SEUK, SOPO, and the Green Construction Board.

## Good Practice

There is a need for good practice guidance <sup>17</sup>and case studies at all levels of the SV supply chain

- Commissioning
- Procurement
- Community Engagement
- Project delivery and monitoring
- Measurement
- Reporting

In addition, advocates of social value should help promote good practice and examples from across sectors through their respective communication channels.

## Extension of The Act

The Public Services (Social Value) Act should be extended to include Goods, Works and Planning. Public sector bodies should adopt it as a compulsory measure and should be asked to account for the delivery of Social Value through commissioning. In addition, The Act should be supported by mechanisms such as independent audits and investigations.

## Feedback and Measurement

National social sector bodies should work with government to track data on usage, uptake and delivery of social value in contracts and performance.

## 1.5 Cross Party Recommendations

As the Parties move into their preparations for the next election they should each consider how The Act can maintain its momentum and be improved.

**Recommendation 1** – Parties should consider extending The Act to cover Goods, Works including looking at how it may be incorporated into the planning process.

**Recommendation 2** – Parties should provide additional Guidance to the Public Sector in terms of an outcomes framework, measurement, implementation and best practice and at a minimum Guidance should clarify terminology and definitions. However, Public Sector bodies should retain ultimate ownership of outcomes and KPIs

---

<sup>17</sup> SEUK is developing a Good Practice Portal to be released in July 2014

**Recommendation 3** – Parties should consider how the spirit of The Act could be extended to the private sector. Failing that, The Parties should look at how they could encourage businesses adopt ‘the spirit’ of The Act in normal day to day operations. There should be a focus on all levels of business including large corporates and SMEs and consideration should be given as to how businesses should be asked to disclose and account for their activities with respect to The Act.

**Recommendation 4** – National social sector bodies should work with government to track data on usage, uptake and delivery of social value in contracts and performance.

**Recommendation 5** – Each Government Department should have their own Ministerial Social Value Champion to ensure that the Act is implemented and to report and measure progress. Department champions should work together to coordinate strategy, share best practice and collate feedback. This should include the requirements for a written Social Value Policy and for all public bodies to account for how social value is generated in commissioning and procurement;

**Recommendation 6** – Government should continue with and improve engagement and understanding with targeted communication to all parts of the Social Value chain including Councillors, Commissioners, Procurement Teams, Providers and Communities (for instance ‘The Buy Social Campaign’<sup>18</sup>)

**Recommendation 7** - The next phase of the Cabinet Office's Commissioning Academy should take greater heed of the Social Value Act and the new EU rules. Equally, Cabinet Office should apply lessons from the Commissioning Academy more widely, considering how to raise awareness and good practice among those who are less likely to embrace social value.

**Recommendation 8** – Government should consider how The Treasury may be given a mandate to measure and grow social as well as economic value alongside The National Audit Office and Office for National Statistics should be asked to consider social as well as financial value in their work.

---

<sup>18</sup> The Buy Social campaign that was started in the UK at the end of 2012 by SEUK and its members has already been licensed for use in Australia and Canada, and has received FTSE100 companies’ financial backing for an outdoor advertising campaign, and a whole host of celebrity endorsements.

## Section 2 - Supporting Evidence

### 2.1 Overview

The [Public Services \(Social Value\) Act](#) which came into force on January 31<sup>st</sup> 2013 requires local authorities and other commissioners of public services to ‘consider’ how their services can benefit people living in the local community.

Under the new legislation, local authority procurers must now consider how they can improve the social impact of their public service contracts before they start the procurement process. Many leading local authorities are increasingly finding that focusing upon social value alongside other factors drives more efficient and effective services in the long-term.

The Act also requires commissioners to consider consulting on the services to be procured. The government believes that wider consultation will not only develop stronger relationships between service providers and the authorities but will also enable people to say what they want from a particular public service. This will result in the best service for the local community.

This legislation comes as part of a major government drive to make it easier for Social Enterprises to deliver public services. It applies to all English and some Welsh bodies (those not solely or mainly under the jurisdiction of the Welsh Assembly Government)

The purpose of this paper is to review progress and to identify how The Parties can maintain the momentum that The Act has generated to date.

This paper has been prepared by Guy Battle (The Sustainable Business Partnership) with additional editorial support from BITC and Social Enterprise UK.

This paper arises from

The paper comprises a consolidation of a number of surveys and interviews namely

- 1) Submission papers for The Social Value Task Force sponsored by Hazel Blears MP (see appendix x for contributors)
  - BITC Social Value Survey 2014
  - Social Enterprise Survey 2014
  - The Social Value Summit
  - Social Enterprise Mark Survey October 2013
- 2) Interviews held with
  - Deloitte LLP
  - Birmingham City Council – Head of Category – Procurement Strategy and Development

- Liverpool City Council
  - Olebridge Enterprises - Charles Rapson – Managing Director
  - Wilmott Dixon Foundation – CEO - Alison Symmers
  - NVCO
  - SE UK
  - NPC
- 3) Submissions made to The Social Value Act Round Table chaired by Hazel Blears MP February 2014
- Balfour Beatty
  - Big Society Capital
  - Business in the Community
  - Community Development Finance Association
  - First Step Trust
  - Fujitsu
  - Global Action Plan
  - Impetus Private Equity Foundation
  - Lambeth Council
  - Siemens
  - Social Enterprise UK
  - Sustainable Business Partnership
  - The Connectives
  - UK Accreditation Service
  - University of Northampton
  - Veolia
  - Wilmott Dixon

Consultation has been divided as follows

Section 2.0 Business Review  
Section 3.0 Social Enterprise Review  
Section 4.0 Local Authority Review  
Section 5.0 Third Sector Review

## 2.2 Business Review

### 2.2.1 Introduction

We worked with Business in The Community to canvass opinion amongst a selected membership group who had previously shown engagement in The Act.

In total, 21 organisations were consulted and respondents included

Balfour Beatty Construction Services UK	Paul Toyne
Axis	Michelle Seale
Kier	Gareth Bourton
Bolton at Home	Helen Garry
Siemens Plc.	Ian Bowman
Manchester Airport	Wendy Sinfield
John Laing	David Micciche
Landmarc Support Services	Mat Roberts
Circle Housing	Bina Omare
Veolia	Kevin Hurst
Wilmott Dixon	Alison Symmers

7 key questions were posed

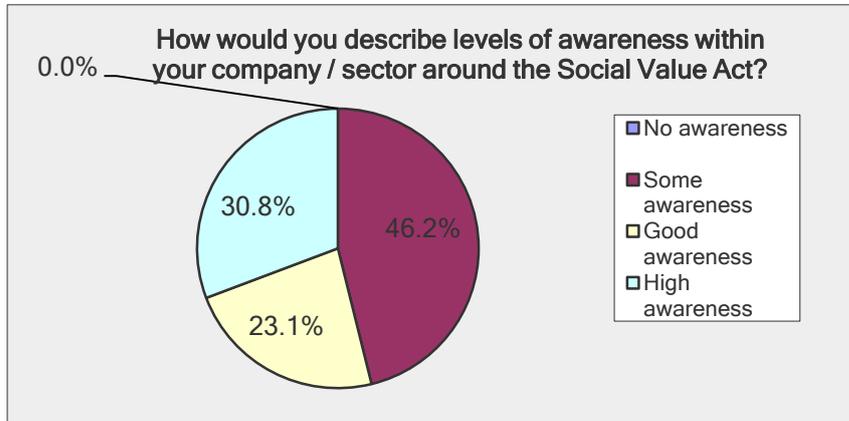
- Q1. Do you deliver or tender for public sector work?
- Q2. How would you describe levels of awareness within your company / sector around the Social Value Act?
- Q3. How are local authorities typically engaging with you on the Social Value Act and is this consistent across all contracts/bids?
- Q4. How are you currently measuring and communicating social value as a part of your bid? Would you like more guidance from commissioners, or the government, on how to articulate your value to commissioners? If so, what sort of guidance would you like?
- Q5. Do you have any thoughts on how the Social Value Act should develop in the future or areas where it should be extended to (e.g. to goods or to the planning regime)?
- Q6. How can BITC, or organisations like BITC, best help? E.g. Case study examples, framework information, guidance around available tools, etc.
- Q7. Is your business considering if the spirit of the Social Value Act could be applied either with the work that you bid for, or with how you procure services and products?

### **2.2.2 Results from Survey**

#### **Q1. Do you deliver or tender for public sector work?**

Of the respondents 17 tender for and deliver public sector work. A number were also housing associations who are also bound by the act for their own procurement activities. It should be also noted that the respondents were self-selecting as they had already expressed interest in The Act and are generally actively engaged in gaining a better understanding of The Act and Social Value.

**Q2. How would you describe levels of awareness within your company / sector around the Social Value Act?**



Observations

- Respondents are generally aware of The Act, but less than 1/3 have agreed that either their company or the sector has a high awareness of its requirements.

**Q3. How are local authorities typically engaging with you on the Social Value Act and is this consistent across all contracts/bids?**

Key comments from respondents.

- Typically local authorities use the procurement process to highlight to us their aspirations and responsibilities under the Social Value Act. This would usually take the form of a briefing of their expectations rather than a more detailed and proper dialogue of what could be achieved and how we could support each other to maximise Social Value.
- **Apparently there are statistics suggesting a positive uptake of the Social Value Act from local authorities, with around 75% of those polled indicating that their tender documentation included reference to the Act. Our anecdotal evidence does not seem to support this.**
- Occasionally there will be questions in the Pre-Qualification Questionnaire asking for evidence of our understanding of the Social Value Act.
- Often Social Value criteria form part of Section 106 Agreements, which may or may not be picked up as part of the Invitation to Tender documents.
- Our recent experience would suggest that we are seeing fewer specific mentions of the Act in procurement documents such as PQQs or Tenders.
- **Some local authorities have clearly embraced the Act and are promoting it through all of their activities.** Example that we have come across include

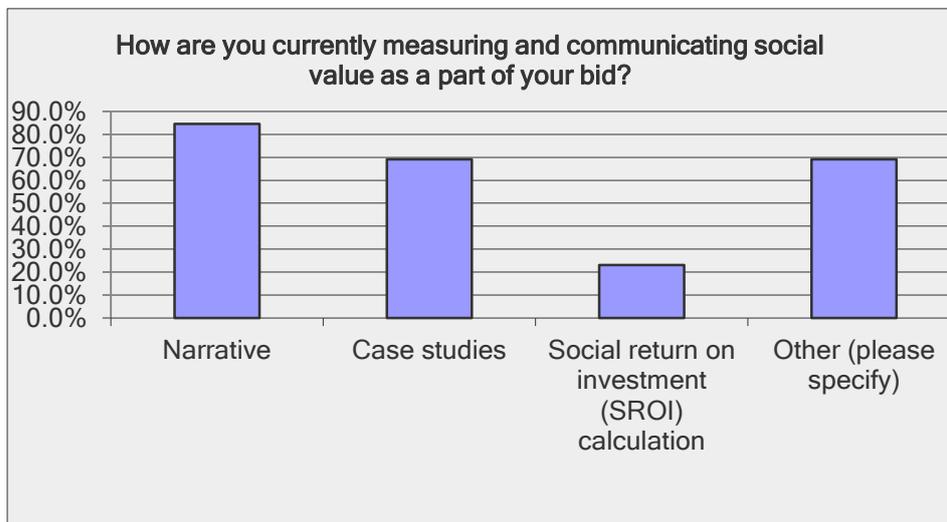
Birmingham City Council, Salford City Council, Croydon Council, Southampton City Council, Portsmouth City Council and Derby City Council.

- Our typical engagement with local authorities, with regard to the Social Value Act (SVA) is through procurement of goods and services rather than social partnerships or joint actions.
- **SVA provisions are being communicated through procurement documents with varying requirements, standards and methodologies.**
- **As all areas are different in economic, environmental and social terms, consistency of SVA requirements is variable and often under or over specified.**
- **SVA requirements within procurement documents are wide ranging** and often LA's find it difficult to articulate requirements due to inexperience and a lack of implementation experience.
- Generally we are being asked to report monthly on our employment and skills targets and local deliverables to the community as stated at tender stage.
- **They are not proactively engaging with us** but I have attended an event organised by The Liverpool Fairness Commission which was established by Liverpool City Council.
- **Extremely variable.** Some use it as a tool to gain added value and benefits from procurements but many public sector procurement teams seem to be totally unaware of the Act.
- **It's not consistent.** It ranges from nothing to very detailed engagement and solutions required. There is no consistency in how the questions are asked or evaluated and subsequently monitored.
- We currently work with Bolton Council and have had initial meetings at senior level to establish how we can share good practice re social value in tenders.
- **Very patchy.** It seems to feature in the background but the understanding at individual level seems to be small.
- **Highly variable/inconsistent** - some local authorities are at a very rudimentary stage, others are more active/robust in their fulfilment of duties under the Act
- **Inconsistent** - some are asking questions and some are not
- **A mixed bag.** All are aware but many are in the foothills of implementation and have yet to understand how they can create cross sector social value through the effective use of SV in procurement.
- Slowly more and more are asking what our social value contribution is in the bids. It seems they are on a learning curve, surprising as the Government bids ask this now so assumption was that local authorities would. New development bids seek our environmental value.
- They are looking for leadership and guidance. Local authorities are not quite sure how to approach this.

## Observations

- The majority of respondents stated that there is generally low awareness amongst Local Authorities (LAs) on the details of The Act – although there are some notable exceptions
- All respondents stated that the manner in which The Act is being applied is inconsistent amongst LAs
- There are no consistent reporting methodologies ultimately leading to additional bespoke work for each LA.

### ***Q4. How are you currently measuring and communicating social value as a part of your bid?***



## Key comments from respondents

- **Capturing data and measuring outputs on social value has proved difficult,** largely due to the lack of a consistent or widely used measurement tool.
- There are various methodologies for measuring social value, such as Social Return on Investment or Local Multipliers, but **we currently do not have one method that we use across our organisation.**
- **We use a Local Spend Calculator as a tool for showing how much money has been spent in a local area, but this tool is not able to show social benefits derived as a result of our local activities or local spend.**
- Evidence provided in bids includes narrative on previous activities that we consider may have added social value, **however much of this could be open to interpretation as there are challenges associated with a lack of consistency of language between those commissioning contracts and those supplying services.**

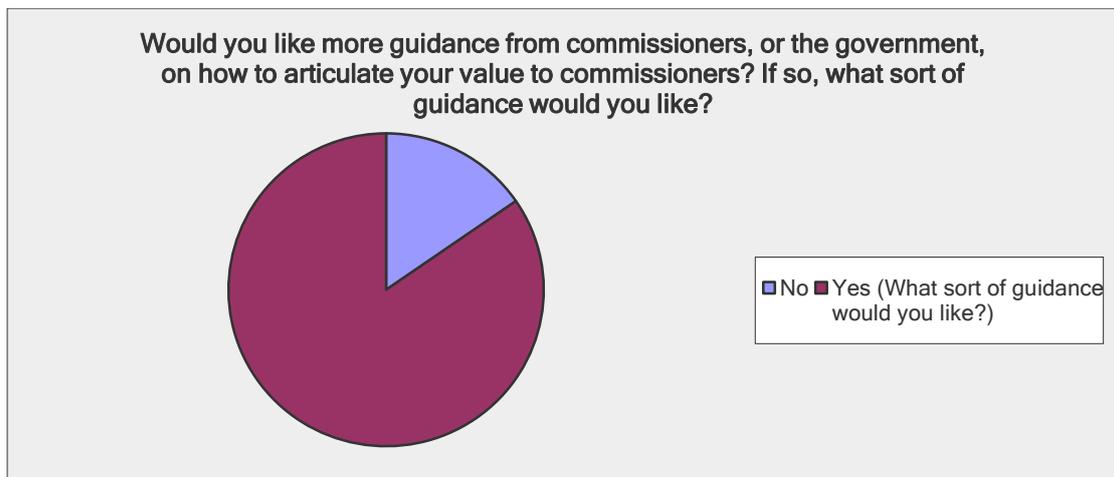


- It is important to both commissioners and those delivering works that measurement is valid to their organisation – increased buy-in will be achieved if organisations can see that delivering social value also delivers value to their business.
- Communication to our clients is through both formal (contractual) and informal routes.
- At the bid stage we communicate formally as part of the procurement process as legislated by the Public Contract Regulations 2006.
- **Some bids require us to ‘sign up to’ prescribed social clauses with outputs and deliverables determined by the local authority. We do not have the opportunity to provide comment or added value as part of the bidding process.** This method is frustrating as we often find that the prescribed terms are unrealistically high or low and therefore best value cannot ultimately be achieved for the LA.
- Some bids set out basic performance parameters such as % of local labour, number of local apprentices. This is the best method to procure social values however **the process is blighted with poor definitions** such as what is the definition of local labour and what an apprentice?
- **Failure to provide simple definitions for the performance terms is allowing bidders to qualify tenders with onerous definitions which allow them to insert artificially inflated performance terms targets.**
- ‘Offer Terms’ method of bidding is often used by LA’s who have not fully embraced the SVA. The questions at bidding stage request us to offer all we can for the LA with no guidance provided. This process leads to all the bidders offering differing SVA responses making the tender process difficult to adjudicate and in some case unlawful.
- We attempt to deliver upon a uniform basis. Sometimes this is difficult as an LA will request a specific method of measurement unique to them or their systems. For instance our policy is to use the European Union Definition of an SME in the strictest sense. The definition of SME is often not stated in the tender terms so we have established this measurement metric by consulting with Cabinet Office and leading LA’s.
- As we are partners on a number of LA frameworks we measure SVA terms for the projects we construct. **This measurement function is completed using bespoke tools we and our framework clients have developed.** This is in the absence of national tools which are often excellent but unfortunately systems sporadic and mostly regional.
- **We have a different report tool for each client some online others are spreadsheet based reports.**
- We qualitatively report on some of our social value work.
- We are looking at impact analysis and some monetising of our social return
- Greater Manchester Cost Benefit Analysis; NEF LM3
- We use HACT community insight tool to id areas of need and justify the reason we ask for social value from contracts
- Geospatial and GVA

## Observations

- There is a wide range of reporting frameworks with the majority of respondents relying on non-financial reporting measures such as ‘narratives’ or ‘case studies’. This inevitably leads to lack of comparability unaccountable interpretation by LAs
- A number of respondents (20-30%) have focussed on financial contribution either through the use of SROI, LM3 or bespoke measurement tools (the local pound)
- There is clear confusion and frustration amongst respondents regarding measurement, the delivery of a level playing field and transparency around decision making by LAs

**Q5. Would you like more guidance from commissioners, or the government, on how to articulate your value to commissioners? If so, what sort of guidance would you like?**



## Key comments from respondents

- **It would be good if there was a consistent tool for reporting** and, measuring social value.
- **An agreed methodology**
- **A clearer articulation of what they are looking to tackle locally** in terms of social, economic or environmental problems
- **How they want to measure what we do.**
- At the moment a lot of work is being done to deliver social value in line with the requirements of the Act, however **there is still no comprehensive and**

- consistent tool for showing what “social value” actually is**, or how we quantify long-term outcomes.
- **General guidance would be helpful** on what social value criteria is being used with clear definitions and case studies and meet the buyer type events. Also, examples of methodologies used to measure social value and sharing of social value reporting tools.
  - **I would like more commitment from government** in terms of implementing only then I think will guidance make a difference
  - Some ideas/framework about commissioners' expectations
  - Better questions to answer. **Every tender is different as is every locality. SV is very context sensitive**
  - Clear guidance and values we can attribute our work against in one place
  - Best in class case studies
  - Articulating our value to commissioners must surely be linked to the use of a **consistent measurement tool** and the development of consistent and meaningful language across all public sector procurement.
  - **Effective dialogue between public and private sector organisations**, rather than just guidance, could help develop agreement on language and measurement and would thus provide a realistic means of measuring like for like performance between organisations bidding for work.
  - **Until the Act gets “stronger teeth” and is extended to cover works and materials rather than just services, it is unlikely that simply providing additional guidance will improve the situation.**
  - Clearly the SVA deals with local solutions for local social problems so a ‘one size fits all’ solution would be inappropriate. However, at PQQ stage the ‘capability and the capacity’ elements of the bid could be assisted by series of general questions linked to the standard PAS91 document.
  - **Guidance by commissioners or government to LA’s and supply chain at this stage would be welcome.** Guidance could take the form of well-defined performance terms so bidders can compete upon social impact at a realistic level with certainty of delivery at construction stage.
  - We would be prepared assist commissioners in understanding SVA potential and delivering realistic results in a measured and auditable manner.
  - Significantly more SVA guidance is available for social housing clients than for other sectors such a civil engineering within the public sector. Transference of these guides across the sector should be undertaken by a central body such as Constructing Excellence, Local Government Association or the Society of Procurement Officers (SOPO).
  - The SVA already contains the framework to deliver complex social value outcomes however the knowledge to do so is only evolving.
  - **Consistency of approach through standardised documents, monitoring and required outcomes would help to underpin understanding of the Act** and also provide a sensible method of showing what social value benefits have been achieved.



- **There is an urgent need for an effective measurement tool** that is easy to use and understand and that can be used consistently across a range of contracts and work types.
- **There just needs to be a more consistent method for measuring the impact.**

#### Observations

- 85% of respondents would like additional guidance from commissioners and/or Government
- It is clear from the comments that there is a need for additional guidance from LAs (and Government).
- There appears to be a deep underlying frustration that The Act has not created a common playing field and that already some organisations are ‘besting’ the system
- There is a need for common methodology of measurement that is consistent, transparent and auditable

***Q6. Do you have any thoughts on how the Social Value Act should develop in the future or areas where it should be extended to (e.g. to goods or to the planning regime)?***

Key comments from respondents include:-

- Although there has been frustration at the perceived lack of impact of the Social Value Act, it has undoubtedly been a major step in the right direction.
- **If the Act is to produce real benefits in the longer term, it needs to be strengthened – it needs “more teeth”.**
- Including works and goods under the activities covered by the Act makes sense because it would widen the scope for producing outputs.
- **There is an urgent need to reinforce the Act by raising awareness of it,** especially amongst key decision makers across the public sector. This **should include local politicians**, who can often make a significant difference to what happens at a local level.
- **Commissioners and providers should both contribute to delivering outcomes and should both benefit from delivering social value.**
- **There is a need for proper dialogue between the public and private sectors.**
- **Private sector organisations can help the public sector to maximise social value, but there has got to be something in it for them.**
- Work is needed to set the right tone – **a move away from local authorities and other public sector bodies simply using private companies to meet their social value aspirations, with no proper consideration of cost or resourcing**



**impacts**, or on why social value might be important to private sector businesses.

- Many private sector organisations would be happy to support the delivery of social value, and would be innovative and creative in doing so, but **unless they can see a direct business benefit, and are involved in developing social value policy, they are unlikely to want to contribute.**
- It is important that this is a two way process with benefits on both sides, not just a stick to beat providers with.
- **A central facility for recording social value**, similar to the SPONSA system used by the HCA and Construction Skills would provide a method of collecting data, measuring performance and comparing outcomes.
- Extended to specifically engage with Social Enterprise.
- **We would like to extend delivery of SVA requirements through partnerships with social enterprises** such as public interest companies (PIC's) and registered charities. The mix of private and voluntary sector skills can offer a considerable boost the local community's goals and objectives.
- We would support encouragement of consortia bidding and delivery which would push social inclusion beyond the traditional supply chain relationships.
- Overlaps into Equality such as BME companies.
- We would like to see links between social value and equality.
- More inclusion of BME companies as well as women owned SME's could be driven by BITC through its current structures and programmes.
- Yes it could be applied as far as possible to major public sector decisions e.g. on spending, procuring, goods and the planning regime
- Should be extended to regulated monopolies e.g. water companies
- **The Act has the potential to be extended to Goods, Supplies and Works and not just services.**
- **It could also be developed to have more power and extend the "duty to consider" to "duty to act"** i.e. it isn't optional but mandatory.
- **I think it is important that the act is extended to projects and goods** as it is these areas where the biggest impact can be made and where most of the work on understanding social and environmental impact has the biggest value to society.
- **Not at this time - procurement of services still at a rudimentary stage**
- We have adopted it as a RSL anyway and we are currently piloting our approach
- Requiring SV outcomes from tier 2 suppliers would be interesting (tier 1 being the primes).
- **Yes spread to goods and works** but most contracts integrated goods works and services so it covers all at the moment by default
- **No - let's get it right before we look at expanding.**

## Observations

- There is general consensus that The Act should be extended beyond services to include Goods and Works.
- There appears to be general acceptance that The Act is moving in the right direction, however, there is clear evidence that business want to be able to share in the benefits
- There is a clear call for a joint dialogue between public and private sector groups to ensure that thinking is 'joined up' and that no unnecessary burden is placed on business to deliver services.
- 20% of respondents asked that The Act should have 'more teeth' although there is a clear and underlying request 'to get it right before expanding'.

### ***Q7. How can BITC, or organisations like BITC, best help? E.g. Case study examples, framework information, guidance around available tools.***

Key comments from respondents include:-

- **BITC are well placed to create a forum for discussion** between all parties involved in delivering social value.
- **At the moment there is no clear ownership of social value and there seems to be a lack of involvement of key stakeholders, such as local communities.** Local authorities base their social value criteria on what they know about their communities, but proper involvement of local stakeholders would add benefit to the overall process.
- As BITC are active in local communities, they could take responsibility for starting effective cross party discussions, using their understanding of communities to guide commissioners, providers and local communities on what social value is and how best it might be achieved.
- **Collecting evidence is essential if we are to prove that the Act is worthwhile**, and so BITC could support the development of effective measurement tools and case studies to promote best practice.
- BITC should consider partnering with the Society of Procurement Officers (SOPO) to access and raise awareness of SVA requirements across local government.
- To influence procurement across England BITC should engage with the Local Government Association to comment upon the National Procurement Strategy."
- All of these examples would be good and in addition to education the housing sector on how and what they should measuring. As in our experience many of them are unclear of what they should be measuring.
- **Working with government to determine the agreed methodology and what it will be applied to.**



- I think it is for the public sector to make procurement teams more aware of the Act and how they can use it as a procurement tool. Joint workshops with private sector providers may help to give them wider perspective on how the Act can be used
- BITC as a business network and lead on corporate social responsibility can promote the benefits of social value across the private, voluntary and public sector to increase awareness and use of the act.
- From a HA perspective, there are also opportunities for "big businesses" to support SMEs and 3rd Sector organisations in their understanding of Social value to help such bidders win tenders by demonstrating social value and thereby diversify supply chains.
- BITC role should be more of an intermediary bringing different people to groups together, purchasers, suppliers, government etc.
- Micro site for examples - like Canadian Government's Social Innovation Knowledge Hub
- Some shared best practice and learning
- We are working well with SEUK and all support is helpful. Promoting SV to smaller member companies would help in preparing the supply chain for the primes
- A mixture of all would be great. Use best practice and pool together one resource site so that if we do benchmark, at least we are all using similar values and guidance.
- This initiative is in danger of disappearing unless we find some quick wins - BITC need to keep this matter "front of house"

#### Observations

- There is a clear role for BITC to play as an honest intermediary
- There is a need for community engagement to ensure real (useful, targeted and contextual) value is being delivered
- Evidence and case studies would be very useful for most respondents
- BITC should consider partnering with the Society of Procurement Officers (SOPO) to access and raise awareness of SVA requirements across local government.

#### 2.2.3 Summary

As expected from a self-selecting group, respondents are generally aware of The Act. However, it was surprising that less than 1/3 claimed to have a high awareness of its requirements and this is probably due to the fact that The Act is still in its infancy.

All respondents were generally very supportive of The Act however, there is clear evidence that business want to be able to share in the benefits

The majority of respondents stated that there is generally low awareness amongst Local Authorities (LAs) on the details of The Act – although there are some notable exceptions. This seems to contradict evidence provided by SEUK that states that 75% of LAs are aware of The Act. Plainly, this means that whilst LA leadership is engaging, procurement officers are still broadly unaware.

All respondents stated that the manner in which The Act is being applied is inconsistent amongst LAs and that there is no consistency in reporting standards or bid requirements. This is ultimately leading to deep frustration and additional bespoke work for each LA.

As a result, there is a wide range of reporting frameworks with the majority of respondents relying on non-financial reporting measures such as ‘narratives’ or ‘case studies’. This inevitably leads to lack of comparability and unaccountable interpretation by LAs.

An overwhelming majority of respondents (85%) of respondents would like additional guidance from commissioners and/or Government with key issues being consistency, transparency and accountability of decision making. There is a deep fear that if a level playing field is not developed, then The Act may fall into disrepute.

In terms of developing The Act, there is general consensus that The Act should be extended beyond services to include Goods and Works with 20% of respondents asking that The Act should have ‘more teeth’ although there is a clear and underlying request ‘to get it right before expanding’.

However, there is a clear call for a joint dialogue between public and private sector groups to ensure that thinking is ‘joined up’ and that no unnecessary burden is placed on business to deliver services and in this respect there is an emerging role for BITC to play as an honest intermediary:-

- Community engagement, not through LAs but directly to ensure real (useful, targeted and contextual) value is being delivered
- Collation of evidence and case studies to help improve The Act and ensure it is working
- BITC should consider partnering with the Society of Procurement Officers (SOPO) to access and raise awareness of SVA requirements across local government.

## 2.3 Social Enterprise Review

One of the key objectives of The Act is to promote the greater involvement of Social Enterprise and promote the involvement of SMEs in delivering public sector services.

In reviewing the impact of The Act upon SEs within the UK we have examined the findings from 3 key sources:-

- Social Enterprise UK – 2013 Survey
- The Social Value Summit
- The Social Enterprise Mark Survey

### 2.3.1 Social Enterprise UK

Social Enterprise UK (SEUK) is the national body for social enterprise. Its members come from across the social enterprise movement – from local grassroots organisations to multi-million pound businesses, as well as from those in the public and private sector who support social enterprise. SEUK undertakes research, develops policy, campaigns, raises awareness, shares information, builds networks, advocates, provides training and delivers consultancy – all to help social enterprises grow and flourish where they operate.

SEUK played a leading role in getting the Social Value Act passed into legislation, working closely with Chris White MP, Cabinet Office and a wide range of partners across sectors and political parties. It is widely viewed in the sector as the leading authority on the Act and social value more broadly.

- SEUK's State of Social Enterprise survey 3 found that 68% of social enterprises are measuring their social impact which rises to 76% for those whose main source of income is the public sector.
- The survey also found that 81% of commissioners had taken steps to identify social value criteria and more than 75% said their organisation has issued tenders that include social value criteria.
- However, 31% of commissioning and procurement staff who responded feel there's a lack of guidance on the Act, compared with more than 51% of providers who responded.
- Commissioners more confident about use of the Act than providers

The survey, provides a 'split picture', where commissioners are likely to feel far more confident about the application and use of the Act than those who provide services. 180 respondents took part in the survey. These break down into commissioning and procurement staff (52), provider organisations (65) and other stakeholders (63).

According to SEUK who commissioned the survey, more work is needed to help social sector providers use the Act to demonstrate the social value they create, and to enable commissioners and providers to work better together at achieving and measuring social value.

More than eighty percent of the commissioning and procurement staff who took part say their organisation has taken steps to identify their social value priorities, and more than seventy five percent say their organisation has issued tenders using social value criteria. According to Social Enterprise UK, these figures are higher than predicted on the strength of anecdotal evidence to date.

Just under a third (31%) of commissioning and procurement staff who responded feel there's a lack of guidance on the Act, compared with more than half (51%) of providers who responded.

“Our main concern is that providers – the social enterprises, charities and other organisations that are selling their services to public bodies – feel they need more guidance. This is not too surprising, given that most of the guidance and support so far has been directed at public bodies. Social sector bodies have done a good job producing guidance - almost half of providers have heard about the Act via these sources. But the gap leaves the sector vulnerable. There needs to be greater co-ordination of all the information that exists to help all organisations use the Act. We don't want to see our members losing out to larger private firms that can invest much more money in understanding the Act and winning tenders on it. We're glad that public bodies are using social value criteria – now it's time to ensure our members are as good as they can be at proving they have the competitive advantage on social value. They campaigned long and hard for this Act.”

*Olof Jonsdottir, Public Affairs Manager and Social Value Lead at Social Enterprise UK*

*The most extensive social value research carried out to date was published at the end of June by Social Enterprise UK in association with Wates Group, PWC, The Chartered Institute of Housing, and Orbit Group. 'Communities Count: The Four Steps to Unlocking Social Value', reports on a survey of 200 local authorities and housing associations. Added to findings referenced above, the report made the following key recommendations for all public bodies:*

- *Adopt a written policy and a nominated lead for social value. The organisations who report the best outcomes are most likely to have taken these steps*
- *View social value as a route to innovation and cost-savings, not simply as a way of creating positive social outcomes or worse, compliance with the Act.*
- *Integrate and consider social value across all services, regardless of size*
- *Work with, buy from, start-up and support social enterprises to help deliver social value.*
- *Measure the social value being created against a clear sense of what you are trying to achieve, proportionately, and throughout the length of contracts.*

### 2.3.2 The Social Value Summit

This report has been produced from the discussions and workshops at the Social Value Summit, co-produced by Social Enterprise UK (SEUK hereafter) and Landmarc at Dartington Hall on January 28th and 29th 2014.

Key findings from The Summit include

- A fast-growing group of organisations in the private sector are taking note of the Act: most notably in the facilities management, environment and construction industries– those for whom public sector contracts are a very significant proportion of income.
- Awareness amongst the social sector has grown too – thanks to the work of membership bodies like SEUK, NCVO and NAVCA, to social impact measurement groups like the SROI Network and the Social Impact Analysts Association, and to many local networks and frontline organisations.
- Public Sector Awareness - Whilst awareness is rising, it is still not high enough amongst key decision makers, particularly in the public sector agencies – not only commissioners, but also procurement, financial and legal staff.
- Social impact measurement - While the measurement of the triple bottom line was felt to be possible, it was still evident that the ‘social’ was felt to be the most difficult of the three – this was partly due to measures being more established in the economic and environmental fields, but also about the complexity and diversity of social value and how it is measured.
- Lack of data – not clear at this stage how far social value is being included by public sector agencies, never mind the pot It is viewed as a strength that the Act allows for local interpretation of social value, but this also raises challenges – a better balance between localised approaches and more consistency or nationally joined-up advice and guidance should be achievable.
- It was also felt that the limitations of the Act to services (and services with an element of goods) were restrictive and put boundaries on its potential. Goods and works were mentioned as an area where the effect of social value could be significant, and other areas talked of how even planning departments were thinking about how social value could be incorporated in their work
- The conversation also highlighted that local political support from councillors and political figures is a significant factor in public bodies embedding social value both early and effectively. This is viewed as being as critical in some public bodies as the buy-in of senior managers in different departments.

Key recommendations arising:-

1. Advocates of social value should help promote good practice and examples from across sectors through their respective communication channels.
2. SEUK or a similar body should create a central online place to collate good practice: examples, templates, practical 'how-tos' and links to other sources of advice + information.
3. Training and support on social value needs to bring commissioning, procurement and (ideally) legal arms of public agencies together, not one or the other.
4. Cabinet Office should work with social sector and other key partners to create guidance which can be utilised and disseminated by all central government departments, to ensure a consistency of approach and to avoid wide variances in legal advice; they should also ensure social value is written substantively into the Commissioning Academy's curriculum.
5. The Public Services (Social Value) Act should be given more teeth than currently through:
  - Being extended to apply to goods and works, and assets
  - Being supported by clear statutory guidance (see above)
  - Being an 'obligation' not a 'consideration' for public bodies to account for
  - Being supported by mechanisms such as independent audits and investigations.
6. Government at all levels should incentivise and encourage joint working and programmes that bring providers and commissioners together to co-design and agree shared outcomes and objectives.
7. National social sector bodies should work with government to track data on usage, uptake and delivery of social value in contracts and performance.
8. Providers should experiment and innovate with different forms of data capture and tracking that can help build a richer, real-time picture of the social value being created through implementation of the Act. This could include geospatial supply chain mapping, employment data analysis, and use of LM3-type approaches.
9. Social enterprise and charity networks should form stronger relationships with their sustainability counterparts (for learning) and broker peer relationships between key local leaders (for good practice sharing).
10. Encourage more uptake and consistency in social impact measurement practice, but avoid the unreality of one-size-fits-all top-down solutions – more connections and showcasing of good practice will build consistency and coherence over time.

### 2.3.3 Social Enterprise Mark

A short survey was undertaken by The Social Enterprise Mark 'Does the Social Value Act have teeth?' to assess the impact of The Act. The survey was undertaken in October 2013 to identify understanding and progress amongst 34 Mark Holders (as providers) and 20 Commissioners or Procurement officials (as purchasers).

Key findings:-

- 20% of purchasers indicated there had been a change in the tendering process since January 2013 to include reference to social value. Of those that indicated no change, 40% stated that it was already included within tenders
- 68% of providers indicated they had tendered for public contracts since January 2013. Of those, only 9% said the process was different from previous tenders.
- There appears to be little standardisation of approach. Where applicable, respondents demonstrated it in a number of ways including The Social Enterprise Mark
- The research revealed a need for greater clarity of what is meant by 'social value' between those tendering for public service contracts and those commissioning them
- Opportunities exist for procurers and commissioners to improve their understanding and response to the Act.
- A mismatch in expectations exists. This research shows that although social enterprises are responding to the opportunities they expect from the Social Value Act, this expectation is not matched by those responsible for commissioning or procuring services, although there has been some progress in this area.
- Need to improve the understanding of the Act in commissioning/procuring staff and to communicate what is meant by Social Value with prospective suppliers.
- There is more to be done in terms of consulting with local communities, particularly as social enterprises are generally rooted in their communities and good at engaging with them.

Charles Rapson – Olebridge Enterprises

- The Act is impacting us beneficially- We have won work recently based on our social value contribution – however, this required a leap of faith by the local authority as they had no means of measuring what we do
- Local authorities need much more guidance on how to measure and evaluate SV
- West and East Midlands has a team of SV Champions who seem to be tasked with coordinating the SVA
- SV needs to be proportionate – if we are delivering a £10,000 contract we cannot be expected to measure our SV for that contract – can we?
- Need to share best practice
- Big players are engaged but SMEs are not engaged and nor are they aware of The Act
- Can The Act be used to get SMEs engaged in more effective CSR that delivers SV?
- Inevitable that different sectors within PS will translate SV differently – this will complicate matters for smaller players
- Clinical Commissioning Groups are well behind the curve

### 2.3.4 Summary

Given the fact that the one of the purposes of The Act is to engage the SE sector, it is unsurprising that the sector is keen to get involved. However, it is also clear that there is deep confusion and uncertainty regarding how to respond, especially around measurement and evaluation. Key issues arising:-

- Despite the fact that 81% of commissioners state that they are already implementing the Act, it is clear that there is little consistency in approach and that SEs and businesses alike remain uncertain as to exact requirements.
- 31% of commissioning and procurement staff who responded feel there's a lack of guidance on the Act and it is clear that additional training and support on social value needs to bring commissioning, procurement and (ideally) legal arms of public agencies together.
- There is a need for good practice case studies <sup>19</sup>
- There is a clear call for The Act to be given more teeth and to be extended to apply to goods and works, and assets. In addition, there is a call for the Act to be made an obligation rather than a consideration.
- There is a need to develop mechanisms to allow independent audits and investigations – however, these should not place additional cost burdens on the Public Sector
- There is a need for joint working and programmes that bring providers, commissioners and the community together at a local level to co-design and agree shared outcomes and objectives.

<sup>19</sup> At time of writing SEUK have been commissioned SEUK to create a central online place to collate good practice to be released in July 2014

- The Act should remain flexible enough so as to allow Innovation
- Encourage more uptake and consistency in social impact measurement practice, but avoid the unreality of one-size-fits-all top-down solutions – more connections and showcasing of good practice will build consistency and coherence over time.
- It is important that the SME community is not forgotten. At the moment the focus is substantially upon bigger businesses who have time and resources to engage with The Act.

## 2.4 Third Sector

One of the key objectives of The Act is to promote the greater involvement of a greater number of voluntary organisations (VOs) in delivering public sector services.

In reviewing the impact of The Act upon VOs within the UK we have examined the findings from 3 key sources:-

- Commissioning for Social Value - NCVO

### 2.4.1 Key findings

- There is a lack of understanding within local authorities on the advantages of commissioning with The Act
- There is a disconnect between commissioners and procurement teams
- There are few mechanisms to support or monitor the implementation of The Act
- There is insufficient training
- There is no place to share case studies and best practice
- Leadership is essential in transforming the process

### 2.4.3 Lessons and recommendations

For Local Authorities

- LAs should ensure leadership and buy-in from elected members in order to transform the commissioning process
- Councils should involve the community and service users in understanding needs. There should be an open dialogue
- Councils should provide support and training to SMEs and the VO sector organisations to help navigate The Act and Council expectations
- Communications must be clear

### For Government

- Minister should champion the commissioning of services through The Act.
- Government should reach out to all elected council members
- Government should provide high quality and targeted training to enable effective implementation. This should include identifying barriers effecting VOs and SMEs
- Government should clarify the legal issues surrounding The Act to all commissioners and procurement teams
- Government should monitor and report progress, good practice and to identify areas of blockage.

### For Voluntary Organisations

- Must embrace change and adopt to a collaborative mind-set to working with LAs
- VOs need to better familiarise themselves with the requirements of The Act and make the case for SV
- VOs should look at how they measure and report the SV they can bring to contracts

### **2.4.4 Observations and Summary**

- It is interesting to note that many of the findings made by NCVO follows experience found within the business sector specifically a lack of understanding and a disconnect between commissioners and procurement teams
- There is a clear call for LAs to engage at a community level to assess the local and relevant needs
- There is a call for education at all levels of the SV chain
- There is a call for case studies and best practice sharing
- Best practice has been generated principally as a result of Council Leadership – it is clear that all elected councillors should be made aware of the specific requirements and opportunities that The Act offers
- A key recommendation around the need for each government department to implement The Act, perhaps through a SV Champion

## 2.5 Local Government

Social Value has an important role in procurement at a local level. A number of Local Authorities are already leading in this area – Knowsley, Liverpool, Durham, Lambeth, Haringey, Croydon, Oldham, Wakefield, York and Blackpool.

### 2.5.1 Case Studies

Croydon Council have produced a toolkit for commissioners, saying that it is all too easy to “dismiss social value procurement as being in the ‘too difficult’ category, but it can make a great difference to people, service delivery and the bottom line”.

Wakefield Council provides an excellent example of Social Value in action. When the Council wanted a new milk supplier for local schools, they selected a locally-based social enterprise, who in addition to delivering the milk also provide school children with lessons on healthy living. The company also provides job opportunities for the long-term unemployed. The result for Wakefield is more than the value for money of the milk.

In the West Midlands, all major councils have nominated social value champions. These champions will help the councils comply with the Social Value Act 2013, which requires all public bodies to consider social, environmental and community benefits when appointing suppliers.

Birmingham City Council has developed its own ‘Birmingham Business Charter for Social Responsibility’. BCC has adopted 3 new policies since April 2013:

- a) The Social Value Policy,
- b) The Living Wage Policy
- c) The Birmingham Business Charter for Social Responsibility Policy.

BCC has a Cabinet Member responsible for Commissioning, Procurement and Contract Management whose role is to drive through the implementation of procurement policies such as the Charter.

The Charter forms guiding principles to which the Council adheres, and to which we invite our contracted suppliers, the wider business community, other public sector bodies and third sector organisations (including grant recipients), to adopt. The key Principles and examples are:

- Local Employment – apprenticeships, jobs
- Buy Birmingham First - advertising locally, targeting SMEs
- Partners in Communities - mentoring, volunteering, making all sub-contracting opportunities accessible to a diverse supply base including third sector and local suppliers
- Good Employer - Birmingham Living Wage

- Green and Sustainable - reducing Co2 emissions
- Ethical Procurement - paying suppliers on same terms of reference as primary contract

Knowsley Council co-designed their social value strategy with representatives from the voluntary, private and public sector. Knowsley were looking to reduce demand on public sector services by making communities more resilient. SV is seen as a key way of driving the councils' social growth priorities

The Council has taken the SV strategy through the Knowsley Partnership which requires partners to sign up to its objectives

The council has developed clear set of definitions, outcomes and measures <sup>20</sup>to reflect SV clearly

### **Case study examples of how Salford City Council promotes Social Value in its commissioning and procurement**

Salford Council ensures that social value runs right through its procurement processes. From the placing of an advertisement, to pre-qualification questionnaire and award of contract, providers must articulate how they provide social value.

The Council has developed a contract register which captures all procurement expenditure. The information currently tells us that 40% of our expenditure is with suppliers from Salford; 70% is with Greater Manchester based suppliers and 86% is with businesses in the North West. Our aim now is to increase these figures even further through our Social Value charter and toolkit.

#### ***Construction:***

Salford City Council included requirements in the Pendleton PFI which resulted in the successful contractor offering work experience to over 2000 local people. New supply chain opportunities were also created with 50% of work delivered by local SME's.

In the construction of Media City, 50% of the workforce came from Greater Manchester; 54% of contracts awarded were to Greater Manchester firms; 12.862 people were trained on the project; 4 community projects were supported and 2180 students and teachers were involved through the education engagement programme.

Contractors are on site delivering the new Swinton Gateway building. Part of the commitment here is that 90% of the target cost will be invested in the local economy and the creation of 4 new apprenticeships.

---

<sup>20</sup> <http://www.knowsley.gov.uk/pdf/social-value-model.pdf>

### ***Integrated Drug and Alcohol Service***

Salford City Council's Public Health budget includes provision for services for people in recovery from drug and alcohol addictions. In 2013, work started on a new commission for this service, using a lead provider model where a comprehensive programme of services would be managed through one contractor, supported by a number of specialist providers.

The commissioners aimed to embed a social value approach into the procurement arrangements, stating in the contract specification that *'The obvious challenge for the new lead provider will be to demonstrate a clear 'social return on investment' in every outcome area as detailed.'* The specification went on to describe a number of 'social value opportunities' which might be provided and noted that contractors would be expected to be able to report on their social value achievements alongside more established 'quality' measures.

At the PQQ stage, a simple 'social value' question was posed to potential providers; applicants were required to give three examples, in contracts delivered that demonstrate a commitment to Social Value. Upon consideration of how the 9 tenderers at the PQQ stage were ranked for social value against how they had ranked overall, those who scored well for social value were amongst the 5 top ranked who went through to the ITT stage.

More detailed consideration was given by commissioners to social value at the ITT stage. Instead of seeing social value only as something 'extra', commissioners developed the ITT core service questions from the specification in such a way as to embed social value within the required service delivery. Questions relating to the core contract showed areas such as aftercare for those in recovery, developing wider relationships with universal services and families of clients, shared care and self-management, development of community based activities, volunteering and resilience as well as wider criminal justice interventions. These might all provide wider wellbeing outcomes beyond direct benefit to the service user.

The ITT question about social 'added value' had by this stage been informed by the 'Social Value in Health and Care' programme now led by the City's Health and Wellbeing Board. Making reference to the recently published City Plan, which contains economic, social and environmental aspirations for the City, the questions asked was: *'With reference to the City Plan and City Mayor's Charter for Employment Standards, please provide a method statement which describes how you will bring additional social, environmental and economic value to Salford through the delivery of this service, and how this will be measured and evaluated. These outcomes must be at no additional cost to the Council.'*

Providers were found to have offered a range of City Plan driven social value outcomes, and all committed to pay or work towards the Living Wage.

Tender evaluation considered whether the proposal will deliver outcomes which are relevant to the City Plan, and the robustness of proposed measurement and reporting systems for social value. The 'offer' proposed by the successful tenderer in

terms of social value will be incorporated into the contract and form part of the agreed KPIs and performance monitoring.

### **2.5.2 Observations**

- It is clear that some LAs have already adopted The Act and have extended it beyond services to include goods and works.
- LAs see the Act as a means to building community resilience and reliance on the public sector.
- Good practice exists but there is a need for better sharing