

MORE FOR LESS?

The case for social value in public service delivery

A Discussion Paper by [Aventia Consulting Limited](#)

With the assistance and support of the Social Value Portal



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1. Executive Summary

What is this concept of “social value” that is percolating through debates about public service delivery? Are policy-makers serious about bringing it into the mainstream? What lasting impact can it make and how does it need to evolve in order to achieve this?

Social value is an idea that has slowly but steadily gained currency over the past decade or so. There are a number of drivers for this and the forms that social value has taken so far in public policy and delivery are also quite diverse.

Public service authorities are acknowledging the impact that factors outside their direct sphere of responsibility have on the demand for their services. At the same time, budgetary pressures are driving them to rethink how they deliver core services.

Social value appears to offer them ways of delivering more value to the communities they serve.

Different parts of the UK have moved in a variety of ways on social value. In Scotland, community benefits is well established. Scotland is now moving onto the next stage through the enactment of the Procurement reform (Scotland) Act 2014, which now makes sustainable procurement a legal obligation for procuring authorities and obliges them to report on their performance.

Wales has also been applying the community benefits approach for some time. The Welsh Government published its first Community Benefits Guidance in 2010 and published further guidance on community benefits about a year ago.

England’s Public Services (Social Value) Act 2012 (enacted in 2013) requires public service providers to consider additional social value when awarding contracts.

As with many areas of policy, there are already quite a few related concepts floating around. Social value, social return on investment, social enterprise, community benefits, etc. They all function in different, connected ways.

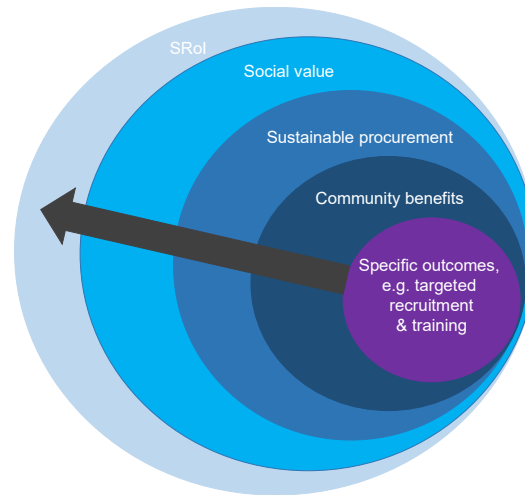


Fig 1. Social value in policy to practice

It shouldn’t be too difficult to arrive at a pragmatic working framework for social value, as long as practitioners and theorists alike accept that it will need to adapt and evolve over time.

While there is already a significant body of social value activity across the UK – of specific types and in specific locations - the data captured from this activity, however, is variable in quality and depth.

But regulatory action such as the legislation in Scotland and England creates the incentive to be proactive about embedding social value into the mainstream of public service delivery, together with the opportunity to define, capture and measure the outcomes of social value across a wide spectrum of policy themes.

In practical terms, this means potential to deliver greater benefits to the communities served. The corollary of course, is ensuring that communities are effectively and proactively engaged in shaping these benefits to make them aligned to the needs of a particular place.

Notwithstanding the positive policy signals, implementation appears still to be hampered by effective measurement. In taking social value to the next level, data quality will become of critical importance particularly if, as in Scotland, reporting comes into force.

2. Setting the context

This paper takes a snapshot of some of the areas of social value activity and current thinking in the public sector in order to prompt a discussion on whether or how social value could influence the focus of public services to achieve wider benefits and more integrated outcomes.

What is this concept of “social value” that is percolating through debates about public service delivery? Are policy-makers serious about bringing it into the mainstream? What lasting impact can it make and how does it need to evolve in order to achieve this?

Social value may not be on everyone’s radar, but it is an idea that has slowly but steadily gained currency over the past decade or so. There are a number of drivers for this and the forms that social value has taken so far in public policy and delivery are also quite diverse.

Public service authorities, for instance, such as clinical commissioning groups and councils, are acknowledging the impact that factors outside their direct sphere of responsibility have on the demand for their services. At the same time, budgetary pressures are driving them to rethink how they deliver core services.

Social value seems to offer them ways of delivering more value to the communities they serve.

The focus in this paper is on the public sector. Other organisations in the not-for-profit, social enterprise or commercial sectors are also building strategies and capacity for delivering social value outcomes, but this is outside the remit of this paper. That said, effective public sector implementation on social value will need partners from these sectors and there are clearly valuable lessons to be learned from across the spectrum.

In social value, as in many other areas affected by government policy, regulatory

drivers have the potential to deliver a step change in delivery. Recent legislation on social value and sustainable procurement in England and Scotland is helping to “mainstream” social value by making it a positive obligation enshrined in law.

The concept goes back at least as far as the turn of the century. The proceedings of the House of Commons Education and Employment Committee in April 2000¹ said: “It is important to ensure that those who are unemployed benefit from the employment opportunities being created through regeneration schemes in their local areas ... [and the Government should] ... issue guidance to local authorities encouraging them to incorporate local labour clauses in contracts”.

This kernel of an idea has proved remarkably resilient through four General Elections and unprecedented political upheaval, at all levels of government across the UK. This is because it is about delivering benefits to communities, which is a universal political objective.

Not surprisingly, there is plenty of diversity, both in theory and in practice. Social value is emerging from steady but uneven and heterogeneous application and practice over the past 15 – 20 years, modifying as it goes to suit the needs and circumstances of different policymakers and delivery bodies. During that time, public service delivery has transformed in many ways, but the widespread recognition that silos are an inefficient way of delivering public services provides the policy context in which social value can develop.

Social value principles can provide the glue to connect what, intuitively, we all know is right to join up. Public and preventative health is a great example of where a social value approach can do this.

Different parts of the UK have moved in a variety of ways on social value. In Scotland, community benefits are a form of social value creation largely focused on training and employment for target groups. This has a relatively long pedigree. However,

¹ “Achieving community benefits through contracts: law, policy and practice” Richard

MacFarlane, with additional contributions from Mark Cook

before the Procurement reform (Scotland) Act 2014, it was a matter of choice for procuring authorities. This Act now imposes a “sustainable procurement” duty on all qualifying procurement activities by public bodies in Scotland, effectively embedding social value in law.

Just as importantly, perhaps, public bodies which expect to have *significant*² procurement expenditure in a year will both have to prepare a procurement strategy for the year and an annual report on its *regulated*³ procurement activities after the end of year in question, which should make procurement activities much more transparent.

These reports should show, among other things, how authorities have met their sustainable procurement duty.

Wales has also been embedding community benefits in procurement for some time. The Welsh Government published its first Community Benefits Guidance in 2010 and won the UK Civil Service Awards Procurement Award for its community benefits policy in 2012, publishing further guidance on community benefits about a year ago.

In England, the policy signals for social value seemed less strong before the Public Services (Social Value) Act 2012 (enacted in 2013). This act changed the rules of the game by requiring public service providers to consider additional social value when awarding contracts. However, the legislative impact was more limited than it could have been by applying only to services, not works contracts. That said, some authorities (such as Birmingham and Manchester) have already shown leadership by going beyond the relatively limited provisions of the Act.

² “Significant” means aggregate expected expenditure in excess of £5,000,000.

³ The term “regulated” is more complex but is subject contract thresholds of £2,000,000 for public

works and £50,000 for everything else, which covers a great deal of the procurement landscape.

3. What is Social Value really about?

In public policy and service delivery, there is always a risk of getting rapidly tangled in the undergrowth of terminology, so it is worth spending a little time thinking about what social value is supposed to denote as a concept.

Social enterprise and social value, are often conflated, but they are quite distinct constructs. Social enterprise is not a necessary condition for achieving social value, although this could be the most effective means of delivering social value in many circumstances.

At the same time, social enterprises may not always make the most of their inbuilt advantage. A report from 2013, for instance, states that “social enterprises often fail to articulate and communicate their social value proposition in a way that demonstrates their unique selling points”⁴.

Social Return on Investment and Social Value also appear to be analogous. Some may see social value as a simplified version of SROI, which seeks as far as possible to replicate standard economic evaluation tools. Social value is less ambitious, perhaps - easier to understand but arguably less rigorous or less mechanistic than SROI.

The term “social” is a very broad signifier. There are many forms of society and community, so it follows that “social” will mean different things to different people. It does, however, clearly shift the focus towards a broader concept of value – away from the financial “bottom line”.

The diagram opposite illustrates that these concepts and outcomes are all part of the same conceptual universe, but operating at different levels.

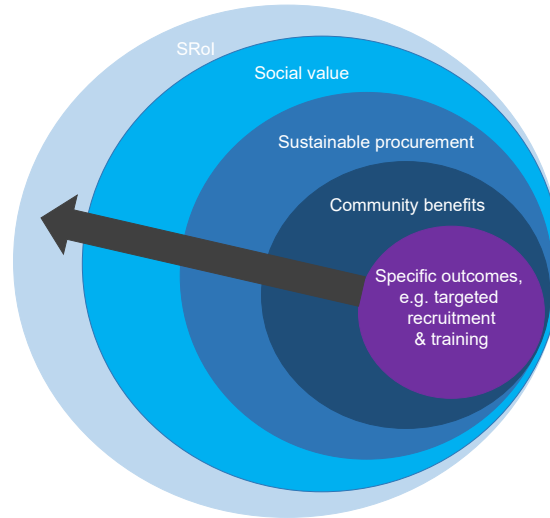


Fig 1. Social value in policy to practice

Social Enterprise UK offers the following definition of social value:

“[it] is a way of thinking about how scarce resources are allocated and used. It involves looking beyond the price of each individual contract and looking at what the collective benefit to a community is when a public body chooses to award a contract. Social value asks the question: “If £1 is spent on the delivery of services, can that same £1 be used to also produce a wider benefit to the community?”⁵

NHS Liverpool Clinical Commissioning Group sees it in simpler, albeit similar terms: “Creating Social Value means increasing the social, economic and environmental wellbeing of the people we serve.”⁶

A preconception that that social value is a rather woolly concept that is difficult to define is perhaps understandable, but it shouldn’t be too difficult to arrive at a pragmatic working framework for social value, as long as practitioners and theorists alike accept that it will need to adapt and evolve over time.

⁴ “Commercialisation for Social Value: Extending the Use of Social Enterprises in the supply chains of private organisations” New Economy, March 2013

⁵ <http://www.socialenterprise.org.uk/advice-services/topic/the-social-value-act>

⁶ “Commissioning for Social Value Social Value Strategy and Action Plan 2014”, NHS Liverpool Clinical Commissioning Group

broad lines as a basis for discussion about how social value could or should be applied to public service delivery in the future.

Here are 9 features of social value in public service delivery that we see at the present time:

1. Outcomes are measured that are social, economic or environmental in nature⁷.
2. Additional value is generated that goes beyond the direct outcomes expected from a particular strategy, procurement or project.
3. Benefits fall outside the normal sphere of influence of a commissioning organisation, but the organisation still has a strong interest in seeing them happen.
4. Social value is almost bound to entail some form of cross-organisational partnership.
5. In the current world of public sector spending constraints, social value can be seen by commissioning authorities as a means of protecting core services.
6. Procurement activity has been an historic area of focus for implementing social value policies⁹.
7. Social value is about improving people's lives, so priorities will vary from place to place and from community to community.
8. Time and again, social value metrics become the issue. This is a question both of frameworks for delivering future social value and collecting and analysing historical social value data.
9. Clear definition of outcomes and effective data capture are essential to successful delivery.

The remainder of this paper looks at some of the experience to date in implementing social value.

This is not intended to be a comprehensive review or detailed evaluation of social value theory and practice – rather, it draws some

⁷ In practice, there tends to be a greater focus on social and economic rather than environmental factors, for the simple reason that positive outcomes for communities are easier to see, describe and measure (see, for example, the Scottish and Welsh experience with community benefits).

⁹ However, delivering social value should not be confined to procurement. Repurposing existing contracts, services and assets with stronger social value objectives may in the long run turn out to be more productive.

4. Community Benefits and Sustainable Procurement in Scotland

While the sustainable procurement obligation is enshrined in the new Procurement (Scotland) Act 2014, community benefits clauses, on which the concept of sustainable procurement is based, have applied on a voluntary basis in Scotland for a number of years. As a result, there is a significant body of historical data in Scotland to draw from.

The origins of the Scottish approach to social value go back to a “pilot” Community Benefits in Procurement Programme (“CBIPP”), which ran from 2003 to 2008.

The pilots were developed in Glasgow (Glasgow Housing Association), Stirling (Raploch Urban Regeneration Company), Dundee, Falkirk and Inverclyde. In the case of the 3 latter pilots, the lead party was the Council. The objectives for both the Falkirk and Dundee pilots included increased opportunities for local businesses as well as employment and training. GHA adopted a partnering / framework / multi-partner approach.

None of the pilots attempted to put a financial value against the benefits delivered, although they did gather data. GHA and Raploch, in particular, went into a considerable amount of detail to prescribe the types of training and employment benefit that they were looking for.

Falkirk Council applied the CBIPP to their PPP Gateway Schools Project, a major schools procurement won by a locally based consortium, Gateway Schools.

The report that was subsequently produced on the CBIPP programme¹⁰ was primarily concerned with the legal and procurement issues associated with including such clauses in tenders and contracts.

However, it also included some useful analysis of case studies and a description of how targets were set for targeted recruitment and training.

This report also identified monitoring of contracts as a key issue to be addressed and raised concerns about the potential impact of community benefits clauses on Value for Money, as well as the need for a new set of commissioning skills to go alongside standard procurement processes.

Thereafter, the Scottish Government declared its commitment to the principle of embedding community benefits in procurement.

In June 2015, the University of Glasgow Training and Employment Research Unit published a report¹¹ analysing the impact of community benefits clauses in procurement. By this time, there were roughly 6 years’ worth of data available on community benefits clauses in projects that followed the original pilots.

As part of the research, 350 organisations were invited to participate in a survey, including all 32 local authorities in Scotland.

In all, 93 public organisations responded. Of these, 62 reported that they had applied community benefits clauses between 2009 and 2014. Of these 62 organisations, 26% reported using CB clauses “routinely” – that is, 16 out of the total of the 93 respondents.

All the local authorities who responded said that they used community benefits clauses, while 54% of central Government agencies and bodies hadn’t used CB clauses since 2009; so take up was uneven across the spectrum of public sector organisations.

Given the response rate (93 out of 350), it is reasonable to ask whether there is any risk of bias in the sample. Would the spread of answers across non-respondents be similar to respondents, or might the organisations who had implemented

¹⁰ Community Benefits in Public Procurement, 2008

¹¹ Analysis of the Impact and Value of Community Benefit Clauses in Procurement

community benefits clauses be more likely to respond to the survey?

As part of the evaluation, 24 individual contracts were analysed in detail. However, the researchers found limited data against which they could assess additionality and sustainability¹². As a result, the reported metrics were generally outputs rather than outcomes.

A large number – but not all – of the contracts examined in the research were construction contracts, meaning that the research was reporting on relatively short term spikes in employment and training numbers. The report sought to address this by applying a “sustainability indicator”, which tested how long the posts or placements had been retained.

A key metric used to value the impact of community benefits clauses was the relationship between the number of individuals affected by the community benefits measure and the size of the contract. The report also sought to separate where employment and training opportunities had arisen directly as a result of the Community Benefits clause (additionality) from those that would have occurred anyway. It concluded that, although from the 24 contracts analysed, 1,012 individuals were recruited from “priority groups”, only 140 were deemed to have been a result of the CB clause.

However, data were not available for all of the contracts and those where this was the case were excluded (representing about two thirds of the total of 1,012), so the “additionality proportion” for the contracts where data was available was 38%.

The research developed a metric of contract value per recruit, which worked out at £2.14m.

The results were heavily influenced by two very large projects, the new Forth Crossing and the South Glasgow University Hospital,

accounting for at least $\frac{3}{4}$ of the stated capital expenditure. Excluding these two projects, the results, interestingly, showed a lower contract value per recruit of £1.1m.¹³

These attempts to draw some kind of narrative from the data illustrate the challenges of drawing meaningful conclusions from the community benefits data currently available. It also shows the need to set up effective monitoring and reporting processes from the outset, for a wider analysis (for example spend in the local economy and indirect jobs) to capture “social value” in its broad sense and the need for further such studies.

Interviews with contractors during this research showed that many contractors were changing their practices in response to the inclusion or the expected inclusion of community benefits clauses.

In order to direct policy development, the Scottish Government has set out a series of National Outcomes for Scotland (see Appendix 1). The Glasgow University report concluded that Community Benefits contributed to the following National Outcomes:

National Outcome 2: “We realise our full economic potential with more and better employment opportunities for our people”

National Outcome 3: “We are better educated, more skilled and more successful, renowned for our research and innovation”

National Outcome 4: “Our young people are successful learners, confident individuals, effective contributors and responsible citizens”

National Outcome 7: “We have tackled the significant inequalities in Scottish society”

community benefits because a greater amount of capex appears to be needed to deliver an outcome, but we should be wary of doing so given that this is such a raw metric.

¹² Defined somewhat narrowly as the durability of the particular outcome (such as the employment contract)

¹³ This might suggest that the larger contracts were in some sense “less effective” in delivering

The report's conclusions on National Outcomes achieved differ somewhat from the outcomes identified in the Scottish Government's own guidance on monitoring community benefits¹⁴, showing that it is to some extent a matter of judgement as to which high level outcomes are being met by specific social value initiatives.

Overall, the Glasgow University report indicates that:

- The concept of Community Benefits has a relatively high level of recognition in the Scottish public sector¹⁵
- On the other hand, this is not evenly spread across local and central government. Awareness is much higher in local government.
- The range of outcomes covered by CB clauses is limited largely to employment and training.
- Data are incomplete and of variable quality

It is interesting to look at how this approach has translated into guidance for the construction sector. The National Skills Academy guidance¹⁶ which, we understand, is broadly applied in public procurement in Scotland, provides highly detailed benchmarks for apprenticeships, work placements and so on, showing how some elements of community benefits principles are finding their way into mainstream procurement best practice.

The guidance includes a set of benchmarks, namely a number of target outcomes (= one individual) per construction sector, of which there are 16¹⁷ across 13 contract bands up to £100m.

While this level of detail provides granularity, there is a risk that this approach becomes fixed as a prescriptive, mechanistic exercise. That said, the fact that the benchmarks have been broken down, not only by size of contract, but also by sector, shows that a considerable

amount of work underpins the quantification of outcomes across a wide range of circumstances, albeit without factoring local or place-based considerations, which ought to provide a useful dataset.

It would be very interesting to know how these benchmarks are being applied and what outcomes have resulted.

It also begs the question as to the point at which such targets become "business as usual" and whether at that point they should continue to be regarded as delivering "added value".

¹⁴ Scottish Government: Monitoring the impact of Community Benefits Clauses in Procurement contracts – guidance notes and definitions

¹⁵ Although there may be some bias in the sample because organisations using the clauses are more likely to respond

¹⁶ "Client-based Approach to implementation by contractors of employment and skills requirements on construction projects in Scotland" May 2012

¹⁷ E.g. Retail, Sports, Leisure and Entertainment, Education

5. Community Benefits in Wales

Procurement is seen as a key driver for delivering the Welsh Government's Sustainable Development commitments. The Welsh Government reported on community benefits in 2014¹⁸, having in 2012 set out the principle of: "delivery of added value through community benefits policy [as]...an integral part of procurement" in the Wales Procurement Policy, Statement 4.

A footnote to the 2014 report reveals that the Welsh Government considers the terms 'Community Benefits' and 'social requirements' to be essentially interchangeable, although they have retained the former to remain consistent with the policy title.

The Welsh Government's community benefits policy won the UK Civil Service Awards Procurement Award in 2012.

One of the most striking features of the Welsh approach to community benefits is the attention paid to collecting data from procurements, using a standardised community benefits measurement tool.

This tool takes the form of an Excel spreadsheet, which is to be completed by the Contracting Authority and countersigned by the contractor or supplier.

Through a series of questions under a series of headings: Enterprise; Employment; Resources (energy, waste, etc); Community and Workforce; the spreadsheet generates a set of results which sub-divide, on the one hand, into an enhanced contract value (by adding the expenditure in Wales to the base contract value), then separately showing a set of additional quantified, but non-monetised benefits.

While the approach stops short of producing a fully monetised assessment, the community benefits measurement tool should, if applied consistently across procurement in Wales, be providing a rich source of data on community benefits and

a robust platform for impact analysis and further policy development.

The 2014 report on community benefits¹⁹ also provides a useful summary of the key outcomes that community benefits are supposed to deliver, namely:

- retention and training for the existing workforce
- supply chain initiatives
- promoting environmental benefits
- promotion of social enterprises and supported benefits
- contributions to education
- community initiatives – resources, consultation
- training and recruitment activities for the economically inactive

A significant section of the report is then devoted to defining these in more detail.

¹⁸ "Community Benefits – Delivering Maximum Value for the Welsh Pound – 2014"

¹⁹ ditto

6. Social Value in the Health Sector

Understandably, the health sector has shown significant interest in the concept of social value. Liverpool Clinical Commissioning Group, for instance, published its social value strategy in 2014²⁰. LCCG describes social value in clear, simple terms:

"Creating Social Value means increasing the social, economic and environmental wellbeing of the people we serve."

LCCG describes the purpose of its social value strategy as being "to meet legislative requirements for Social Value and environmental protection in ways which promote improved health outcomes" – and as a cornerstone of the [Healthy Liverpool](#) transformation agenda.

LCCG illustrates the direct benefits to its own core purpose which could arise from a proactive social value strategy.

More recently, the UCL Institute of Health Equity ("IHE") reported on behalf of Public Health England on the potential of the Social Value Act to support action to reduce health inequalities²¹.

IHE describes social value objectives in somewhat different terms:

"The social value ambition is to get the most value for money from public spending. The prospect of reduced funding for contracting authorities increases the need to gain the greatest value per pound spent in local areas"²²

The difference in emphasis between the LCCG approach and the IHE report is worth noting. In the first instance, social value is seen as a primary objective set by regulation, which as a consequence will deliver improved health outcomes. In the second, the focus is around maximising the impact of every pound spent by commissioning authorities, perhaps because the need for public sector

efficiency has crystallised still further following the May 2015 General Election.

The UCL report underlines the spending efficiency aspect of social value as follows:

"The Act, while useful at any time, is also an essential tool in a time of spending constraint, as it can help commissioners to ensure that each pound spent creates the maximum possible value for the population"

And again:

"Social value provides a method by which to increase social, economic and environmental value for a set (and decreasing level of public money and, in this way, may help to reduce overall costs by meeting multiple priorities simultaneously"

This latter statement also suggests that an integrated approach across the three "pillars" of sustainability can achieve optimal outcomes and spending "efficiency".

As we said in the introduction, there is not much that is fundamentally new in this thinking. The concept of joined up government has been acknowledged for years, as has the view that much of the future of healthcare lies in the interfaces between the various public bodies responsible for people's wellbeing in its broad sense – local authorities, commissioning groups and health boards, housing associations etc.

IHE sees the lack of development in measurement and monitoring of social value as a major impediment to implementing social value strategies.

Their report also offers a number of useful additional insights:

- Social value can be diminished as well as increased during commissioning and procurement

²⁰ "Commissioning for social value – social value strategy and action plan 2014" NHS Liverpool Clinical Commissioning Group

²¹ "Using the Social Value Act to reduce health inequalities in England through action on the social determinants of health" September 2015

²² ditto

- Care needs to be taken to ensure that what happens is not simply a rebadging of current activity
- Central government needs to play its part because of the value of its procurement expenditure²³

However, clearly not all central government bodies have neglected or failed to engage positively on social value; the Forth Replacement Crossing in Scotland and the MoD / Landmarc²⁴ case study are strong examples of central government bodies delivering social value.

From a health perspective, the difference of seven years in life expectancy between the most and the least deprived communities in England and – perhaps even more worryingly – the difference of *seventeen* years in ‘disability free life expectations’ between the most and least deprived communities should be enough to convince decision-makers that embedding social value in buying decisions is surely a no-brainer in policy terms.

²³ An interesting echo of one of the University of Glasgow’s findings that there was much less awareness of community benefits in central than in local government.

²⁴ Social Enterprise UK - The Landmarc Difference, 2013

7. Poverty and Social Value

Joseph Rowntree Foundation (“JRF”) reported on the potential opportunity to tackle poverty through public procurement in April 2014²⁵.

Their view seemed to be that as there was already a “widely accepted approach” to including social/community benefits as contract conditions, the Social Value Act 2012 offered only a “very modest” progression. Whether one agrees with this assessment presumably depends on one’s view of the impact of creating a legislative driver for social value²⁶.

The JRF report proposed an easy to understand, measurable target outcome - 1 targeted opportunity per £1m in contract value in works and services contracts, which it described as the “1 in a £ million challenge”.

This target is more challenging than the results in the Glasgow University Scottish community benefits analysis described above²⁷.

As we have seen, linking the quantum of social value outcomes to contract values may not be entirely straightforward. In practice, different forms of commissioning present different social value opportunities.

If social value objectives focus largely on jobs and training, the social value of contracts with a low labour intensity but with long term community benefits²⁸ may be overlooked.

Moreover, a labour-intensive construction contract may only generate a relatively short spike in social value which largely disappears once the project is built. The question then becomes whether this activity has generated economic or social benefits that survive beyond the life of the contract itself.

JRF considered current processes for sustainable procurement in England to be “relatively weak” - on social issues in particular. It noted the narrow environmental focus for sustainable development at DeFRA, contrasting with Wales and Scotland which, as we have seen, looked more to social and community benefits. Achieving a balance of social, economic and environmental drivers remains a challenge. Ironically, the reverse may start to become the norm as social becomes the new “green”.

At national level, where these issues are spread across a number of different departments, a “joined up” approach to delivering social value looks particularly difficult. In theory, this should be more easily achieved at a local level; in reality a multiplicity of public sector agencies with different priorities still proliferates.

JRF says that contractors are now willing to deliver social / community benefits and are getting better at doing so over time, in part because they recognise the business benefits. Again, this points to a progressive “normalisation” of certain types of social value in supply chains.

“Requirements”, says JRF “that start off as part of social value / community benefit may, in time, become a normalised part of what is being purchased.”

In a tendering process, the quality of response is contingent on the quality of question asked. JRF notes that asking generalised open questions about how bidders will address the social/community aspirations of the purchaser “can result in responses that are long on positive rhetoric but short on measurable commitments”.

²⁵ Tackling Poverty through Public Procurement (April 2014)

²⁶ Which may, if not enforced, of course, turn out to be largely symbolic

²⁷ See Section 3. Although excluding the new Glasgow Hospital and the Forth Crossing brings the Scottish data close to the target.

²⁸ e.g. district heating infrastructure which improves health outcomes for residents and energy security for businesses

8. The Social Value Portal

There are a number of emerging approaches to assessing social value. The [Social Value Portal](#) (“SVP”), for example, has developed a detailed methodology for articulating and evaluating social value, dealing with the breadth of drivers that feed into a social value strategy. Aventia Consulting is currently working with SVP.

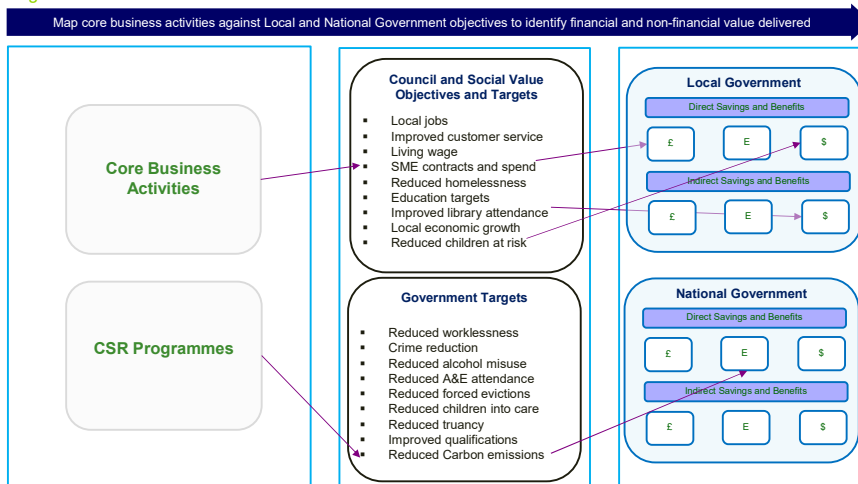
SVP has successfully collaborated with local authorities to tailor it for procurement. The methodology is supported by an online platform which makes it readily accessible and simple to use in real time. SVP has also built a resource library and an online information sharing facility that is enabling public, private and not-for-profit organisations to develop their knowledge and networks in this rapidly growing area.

The Social Value Portal has, for the first time, developed an integrated and end to end methodology which allows recording, quantification and reporting of social value benefits across the spectrum of social, economic and environmental outcomes, using a standard set of input assumptions. Using a “3D Profit & Loss”, bidders can report their core business activities against the procuring authority’s social value targets and the procuring authority is able to evaluate the overall value increment that results from all of the bidder’s social value proposals.

A process diagram for the 3D P&L is shown below.

The SVP approach uses standardised underlying datasets to ensure comparability and consistency both between bids in a single tender and to allow a robust approach to be developed across the entire tendering strategy of an organisation. This approach has recently been successfully applied during a procurement managed by a London Borough.

The 3D P+L developed by SVP allows you to report your core business activities against Local Authority targets



9. Conclusions

If, at its core, social value is about generating additional benefits for people and communities from the delivery of public services, it seems right that these principles should be embedded further.

There is already a significant body of social value activity across the UK – of specific types and in specific locations. The data captured from this activity is variable in quality and depth. The Scottish experience extends over the longest period of time and suggests that the private sector is responding positively, but is thus far fairly narrowly focused on training and employment, mostly in the construction sector and is responding to fairly rigidly defined parameters.

The Welsh approach is notable for its attention to reporting on and classifying community benefits, which should be providing a tremendously rich resource on which to build an assessment of policy outcomes in this country.

The questions for commissioners of public contracts and services in these countries should be about whether to widen the focus of targeted benefits delivered and how to specify, capture and quantify meaningful outcomes, rather than just record outputs.

England generally seems to be at an earlier stage of development and there is a need simply to expand the application of social value principles, although there are some interesting examples of leadership in the local authority sector and considerable interest from the health sector.

Regulatory action such as the legislation in Scotland and England creates the incentive to be proactive about embedding social value into the mainstream of public service delivery, together with the opportunity to define, capture and measure the outcomes of social value across a wide spectrum of policy themes.

In practical terms, this can deliver greater benefits to the communities served. The corollary of course, is ensuring that communities are effectively and proactively engaged in shaping these benefits to make

them aligned to the needs of a particular place.

Whether the driver for embedding social value is better value for citizens, “smart procurement” (because it ultimately supports the public organisation's long term viability) or a form of corporate responsibility for the public sector is an interesting question from an academic perspective, although in practice social value should be serving all three objectives.

Notwithstanding the positive policy signals, implementation appears still to be hampered by effective measurement. Both Scottish and Welsh community benefits have a clear quantification mechanism at the point of commissioning but, as the University of Glasgow team found, researching behind simply recording volumes of activity remains difficult at the moment. All of this suggests that, in its next stage of development, data quality will become of critical importance, particularly if, as in Scotland, reporting comes into force.

Appendix 1 - Scotland's National Outcomes

1. We live in a Scotland that is the most attractive place for doing [business](#) in Europe.
2. We realise our full economic potential with more and better [employment opportunities](#) for our people.
3. We are better educated, more skilled and more successful, renowned for our [research and innovation](#).
4. Our [young people](#) are successful learners, confident individuals, effective contributors and responsible citizens.
5. Our [children](#) have the best start in life and are ready to succeed.
6. We live longer, [healthier lives](#).
7. We have tackled the significant [inequalities](#) in Scottish society.
8. We have improved the life chances for [children, young people and families](#) at risk.
9. We live our lives safe from [crime](#), disorder and danger.
10. We live in well-designed, [sustainable places](#) where we are able to access the amenities and services we need.
11. We have strong, resilient and supportive [communities](#) where people take responsibility for their own actions and how they affect others.
12. We value and enjoy our built and natural [environment](#) and protect it and enhance it for future generations.
13. We take pride in a strong, fair and inclusive [national identity](#).
14. We reduce the local and global [environmental impact](#) of our consumption and production.
15. Our people are able to maintain their [independence as they get older](#) and are able to access appropriate support when they need it
16. Our [public services](#) are high quality, continually improving, efficient and responsive to local people's needs