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Consortium**

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*working together for the Birmingham and Solihull social economy*

# **Evidencing Social Value: The Elephant in the Room**

**Report of a Roundtable Event  
9th June 2014**

Action for Blind People WM | Anthony Collins Solicitors | ART | BVSC | brap | Bridging to the Future | Business in the Community | Cloudberry | Colebridge Enterprises | Digbeth Trust | Diocese of Birmingham | iSE | Jericho Community Business Ltd | Kajans Productions | RnR Organisation | Roots Human Resources CIC | Spot On Marketing & Communications CIC | Unity Trust Bank | UnLtd

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## 1.0 INTRODUCTION

For the past two years Birmingham & Solihull Social Economy Consortium (BSSEC) has been working to help social enterprises and public authorities rise to the challenges posed by implementation of the Public Services (Social Value) Act 2012. We are grateful for the funding from the Barrow Cadbury Trust that has made this work possible.

This event looks specifically at the progress local authorities are making in evidencing and measuring social value as part of their new commissioning arrangements. It builds on learning from an earlier roundtable held on the 15th January 2014.

We would like to thank all of those who kindly agreed to give presentations:

- Maureen Griffiths, Birmingham City Council.
- Frances Kelsey, Worcestershire County Council.
- Neil Evans, Shropshire Council.

## 2.0 SPEAKERS

### 2.1 Setting the Context: Alun Severn, BSSEC

Presentation: <http://bit.ly/1n3aerF>

There is ample evidence to indicate that local authorities in particular have made good progress in putting in place practical arrangements for the implementation of social value.

Our previous research identified a number of strong commonalities in how local authorities are implementing social value:

- a) Social value is being implemented as part of a wider response to government spending cuts, the need to secure efficiency saving, redesign services and manage service demand. For many it is also part of the gradual transition to becoming primarily 'commissioning authorities' – i.e. commissioning rather than delivering services in-house.
- b) The trend amongst local authorities seems to be to go beyond the minimum requirements of the Act – i.e. applying social value to both services and goods, and to all contract values, including those below the EU thresholds.
- c) Existing corporate priorities are in many cases being used to establish 'frameworks' for social value. The following have all emerged as strong drivers in shaping social value priorities:

- Targetted employment, apprenticeships and training opportunities.
  - Strengthening local economies and ‘making the local pound work harder’.
  - Avoiding ‘exporting jobs’ as a consequence of buying outside of authorities’ catchment areas.
- d) Where other key policy drivers already exist – such as the Birmingham Business Charter for Social Responsibility (BBC4SR)<sup>1</sup> – efforts have been made to align social value with these so that they can offer ‘ready made’ tools to help realise social value.

But overall, evidencing and measuring social value remain **the least developed** parts of the process. There are a number of reasons for this:

- a) It is still very early days and few contracts have progressed to the point at which evidencing requirements can be reviewed or checked for effectiveness.
- b) Providers and purchasers lack not just standardised methods for measuring and reporting social value, but also a shared language for articulating social value.
- c) There is still some doubt about what commissioners and purchasers want to know – i.e. are they concerned primarily with counting social value ‘outputs’ (e.g. number of apprenticeships created), or are they more concerned with being able to assess the social impact derived from these additional social value outcomes?
- d) Relatively little is being done within local authorities to assess whether transferable evidencing and monitoring methods might already exist in other parts of the organisation – e.g. in Supporting People commissioning.
- e) We are already seeing a proliferation of courses, methods, tools, consultancy offers and proprietary systems purporting to measure social impact and social value, but in the absence of a clearer steer or guidance from commissioners, providers are reluctant to invest in adopting one particular evidencing methodology for fear that they may be acting prematurely or making the wrong decision.

These problems are not unique to social value and public procurement, however. They also have implications for social finance and investment, Social Impact Bond models, payment by results and more generally in social impact assessment.

It may be that we are beginning to see some convergence in thinking around these issues. If so, this would be a good thing because the present environment

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<sup>1</sup> You can read the BBC4SR in full here: <http://www.finditinbirmingham.com/feature/charter>

is confusing. Concepts and language are used interchangeably and imprecisely and currently the social value 'environment' is at risk of becoming less rather than more clear.

## **2.2 Examples in Practice**

### **(a) Maureen Griffiths: Birmingham City Council**

Presentation: <http://bit.ly/1n3anLX>

Birmingham City Council's stated intention is to apply social value as widely as is practicable. The council will also consider other delivery models, including social enterprise and mutual models, where such arrangements may deliver greater social value.

The council has aligned its framework for social value with the six key principles of its Birmingham Business Charter for Social Responsibility (BBC4SR).<sup>2</sup> These are:

- Local Employment
- Buy Birmingham First
- Partners in Communities
- Good Employer
- Green and Sustainable
- Ethical Procurement

The BBC4SR is an accreditation for which companies apply. From September 2013 being a Charter holder will be mandatory for new contracts; for old contracts it will be a voluntary sign-up, as it will be for companies not currently contracted with.

Social value has now been firmly embedded into the commissioning cycle:

- a) Stage 1 – assess service needs: including consideration of social value outcomes. This is backed up with appropriate stakeholder / market engagement.
- b) Stage 2 – service delivery options: consider the social value implications of different delivery options.
- c) Stage 3 – implementing social value: including development of an ITT which includes social value criteria, specification, performance clauses etc. It is worth noting that because social value has been aligned with the requirements of the BBC4SR, the contracted social value outcomes will typically be part of a wider 'action plan' submitted by the company.
- d) Stage 4 – monitoring: contract manager reviews contract progress against the company's action plan.

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<sup>2</sup> You can read the BBC4SR in full here: <http://www.finditinbirmingham.com/feature/charter>

As regards evidencing, Birmingham City Council has identified the following issues:

- Specifying – what does ‘good’ look like?
- Striking an appropriate balance between open and prescriptive requirements.
- Measuring – too many different methods in the marketplace (KPIs, monetising/financial proxies etc).
- Proportionality – evidence requirements should reflect size / nature of contract, size of provider.
- Continuity and consistency of assessment.
- Problems in measuring intangible vs. tangible benefits.

Birmingham City Council’s key priorities for continuing development of its social value implementation are:

- To find an automated rather than manual method for summarising and digesting action and outcomes from companies’ action plans.
- Increasing confidence and ability of staff to undertake social value and Charter evaluations/reviews.
- Improving feedback.
- Continued development.

**(b) Frances Kelsey: Worcestershire County Council**

Presentation: <http://bit.ly/1n3aHKq>

Worcestershire County Council has aligned social value with the authority’s corporate plan, which includes the following priorities:

- A Prosperous Worcestershire – Open for Business.
- Being an Excellent Commissioning Authority:
  - Right Service from Right Provider at the Right Price to the Taxpayer.
  - Better outcomes for residents.
  - Commercial approach.

Social value is also seen as central to WCC’s shift to being primarily a commissioning authority, with the majority of services commissioned externally. It is also acknowledged that this requires a different relationship with providers and the authority has established a Commercial and Commissioning Support function to lead on this.

Social value has been embedded throughout the commissioning cycle, beginning with pre-tender market/provider engagement and a much greater emphasis on tender specifications that are outcome-based – i.e. what outcomes the authority wants a particular service or contract to achieve, rather than specifying how things should be delivered.

So far, WCC has found construction and construction-related contracts the easiest to incorporate social value outcomes into. For example, a recent highways maintenance contract included social value outcomes from the provider of:

- At least 70% of the cost of goods and services performed under the contract would be spent within Worcestershire, thus allowing revenue to be recycled back into local economy.
- The bidder would generate 5 apprenticeships per year.
- Supplying by-products of green waste recycling free of charge to local communities for gardening and environmental projects.
- Initialising the “Junior Roadman scheme” which would provide local schools work placement opportunities in areas such as highways and civil engineering to help students develop working skills for their future careers.

These additional social value outcomes were readily and swiftly identified by the provider.

So far, WCC feels that service contracts may present more difficulties, although here too there have been early successes. Recent experience in letting Early Help<sup>3</sup> contracts, for instance, has been positive. In this particular instance, the tendering documentation asked providers to state: “How will you ensure value for money within your delivery model and demonstrate innovative ways of meeting agreed outcomes?”

The successful bidder offered to:

- Address the fact that the area in which the contract would be performed had 22% of inhabitants living in fuel poverty (average for Worcestershire 14%) and the company would therefore also work with energy companies to develop ways to make homes more efficient.
- Improve links with local businesses – provider stated that where appropriate it would use local providers when sourcing supplies.
- Recruit volunteers to help develop their working skills in order for them to become more competitive in the employment market.
- Source volunteers from socially isolated groups from BME backgrounds.

WCC refers to ‘direct’ and ‘indirect’ outcomes and in the early Help example above the additional social value outcomes identified would be ‘indirect’ outcomes. The ‘direct’ outcomes are those contributing to the core contract measures of:

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<sup>3</sup> The Early Help service supports families with children aged 0 to 19, and up to 25 for those with a disability. Services are there to help families with a range of issues and aim to nip problems in the bud before they get worse. They are also there to offer support for families who have just finished working with social care services. <http://www.worcestershire.gov.uk/cms/family-advice-and-support.aspx>

- Ensuring all children and young people are protected from harm and neglect and have the opportunity to grow up in stable and secure families.
- Improving educational outcomes for children and young people to enable them to fulfil their potential and maximise their contribution to the economy when they become adults.
- Improving health outcomes for children/young people encouraging and supporting positive lifestyle choices.
- Promoting a community response to local need.

WCC is now turning its attention to addressing the evidencing and monitoring requirements but is addressing these issues with some caution:

- It doesn't want to try and make something scientific that can't realistically be made scientific.
- Evidence and impact assessment have the tendency to become self-promoting industries – the solution has to be appropriate for WCC, its providers and the communities served.
- Its primary interest is likely to be whether 'cashable savings' can be identified that enable resources to be released elsewhere.

### **2.2.3 Neil Evans: Shropshire Council**

Presentation: [No slides used]

Shropshire Council is moving towards being a primarily commissioning authority. What it wants to achieve for local communities is seen as very much a part of the social value agenda. The authority's wider context for social value is:

- Strengthening and recycling the local pound.
- Addressing rurality issues – transport, isolation etc.
- Helping people to help themselves.
- Fostering community resilience.

Shropshire Council is also finding it necessary to increase levels of pre-tendering market and provider engagement, but is finding this helpful in clarifying social value aims with providers. For example, it is currently in the process of recommissioning its information, advice and advocacy services and as part of this has spent significant time with providers trying to ensure that the focus of its service specifying is on impact and not just numbers. The authority is trying to "get to the bottom of what impact looks like" and is using market/provider engagement to help in this process.

Shropshire Council has also taken the innovative step of bringing together a social value action group comprising police, CCG, the local authority and voluntary and community sector organisations to look at the possibility of common practices.

It is likely that in the short-term, evidencing will be a mixture of "counting and demonstrating."

### 3.0 DISCUSSION GROUPS

Participants were asked to break into groups and consider four questions, feeding back key points at the end. The questions were:

- a) What examples are there in the room of services already commissioned that may have transferable processes for the provision of evidence of social value?
- b) How should evidence requirements be prescribed that take account of cost, time and experience?
- c) How do we encourage meaningful reporting?
- d) Should we have a structured method to account for social value?

#### ***Key points***

**Qa: What examples are there in the room of services already commissioned that may have transferable processes for the provision of evidence of social value?**

1. Participants felt that both Birmingham (via its Birmingham Business Charter for Social Responsibility) and Worcestershire County Council offer practices that are transferable and could be used by others.
2. The time and capacity constraints local authorities currently face are making it very difficult for them to investigate whether transferable practices already exist in-house. It is likely that this will become a priority over the next few months.
3. Supporting People commissioning (services for vulnerable adults) may offer some transferable practices as (a) these are contracts that are all about social outcomes, and (b) from its inception Supporting People has been underpinned by a national data collection and validation procedure. There are also plenty of 'live' contracts that can be examined – BCC, for example, is in the process of letting almost £17m-worth of SP contracts.
4. WM Housing Group noted two examples which it believes offer transferable practice because they were relatively simple. These were:
  - a) Repairs & Maintenance contracts: let on geographical basis with suppliers supported through the procurement process. Social value was considered in the process and a cost/quality basis of 70:30. The outcome was that a small, local contractor was awarded the contract and was ranked first on quality – this included a very powerful social value submission.



- b) Mobile telecoms – market research identified a social enterprise, which was alerted to the opportunity. Its submission was ranked first in the subsequent cost/quality evaluation and awarded the contract. It included a strong social value offer helping WM Housing residents to be digitally included via affordable pay as you go Wi-Fi, training and access to IT equipment.

**Qb: How should evidence requirements be prescribed that take account of cost, time and experience?**

1. Evidencing requirements must be proportionate – not just in terms of what is asked of providers, but also in terms of the officer time required for their management. The financial and staffing constraints under which public authorities are currently operating will almost certainly mean that arrangements will have to be pragmatic and relatively light-touch. There is a danger, however, that authorities seeking more sophisticated data and evidencing may place an undue burden on providers and this would be counter-productive, especially if social value-based commissioning is also intended to open the marketplace up to smaller and third sector providers, including consortia of some of the smallest organisations. Social value was always about getting greater social impact from spend so that resources could be released elsewhere – it was never the intention that social value should cost more to deliver or manage.
2. Further training and development for staff is required. Authorities need to reach a point where all contract managers feel as confident in assessing social value outcomes as they do other routine contractual requirements. It will be a process of learning.
3. BCC is considering modifying its Business Charter for Social Responsibility to enable a 'tiered' compliance – i.e. so that smaller businesses don't necessarily have to comply with all of six principles immediately or to the same degree.
4. Pre-tendering market/provider engagement has always been a feature of local authority commissioning but has assumed new importance as a consequence of social value. Its purpose is also undergoing subtle change, with commissioners using this engagement as an opportunity to clarify the social value outcomes that might be specified and/or possible and the available evidence. Commissioners have an important role to play in working with providers to clarify the evidencing arrangements they are capable of.
5. A focus on social value and its evidencing, while important, will not necessarily guarantee good services. Good commissioning still requires good purchasing decisions – the right service, at the right price, from the most able provider, offering the best possible outcomes for users of that service.

**Qc: How do we encourage meaningful reporting?**

1. One contributor said that the primary aim of social value-based commissioning and service delivery should be to address inequalities and that social value evidencing and monitoring should enable the impact on inequalities to be tracked.
2. Birmingham City Council would like to be able to report on the impact social value has had in specific priority Wards and Districts and considers that it may be possible to do this as long as the reporting framework is restricted to a limited number of headline KPIs, probably the six principles of the BBC4SR. Any more detailed outcomes would have to be 'drilled down to' within specific service categories and contracts.

**Qd: Should we have a structured method to account for social value?**

1. Too many systems at the moment – consensus is needed regarding a practical system which is flexible enough for differing types of contract – this is not a one size fits all concept.
2. There was little support for Social Return on Investment as the primary model. Several contributors noted the shortcomings of this technique: “it’s only really useful if all contractors use it and comparability is possible because everyone is using the same financial model”; “it’s too complex and blunt an instrument”.
3. The time-frame over which outcomes are measured is significant. Those involved in services that revolve around client-centred progress/change see a need for evaluating outcomes over longer time-frames than contracts typically enable.
4. We may need to provide support to help smaller suppliers articulate the social value they deliver – small suppliers do not have bid writing teams.
5. We must not make an ‘industry’ of reporting – keep it simple, relevant and proportionate.
6. Ideally, contracts should define the difference that interventions, services, or additional social value outcomes are intended to make, so that indicators can be identified that will help demonstrate whether this difference has been made.
7. The Centre for Citizenship, Enterprise and Governance (CCEG)<sup>4</sup> has been asked by advisors to Hazel Blears MP to assess how public authorities are implementing the Act and to facilitate this process is creating a portal to allow public authorities to complete a survey and upload additional information. As a major piece of work conducted at

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<sup>4</sup> <http://www.cceg.org.uk>

scale – it will involve contacting all 433 local authorities, NHS bodies, police and emergency services, and Local Enterprise Partnerships – this could be extremely helpful in establishing some shared sense of purpose and method regarding social impact analysis and social value. This research will also feed into a proposed Cross Parliamentary Group on Social Finance.<sup>5</sup>

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<sup>5</sup> Further information from Professor Olinga Ta'eed, Director CCEG, [olinga.taheed@cceg.org.uk](mailto:olinga.taheed@cceg.org.uk)

## 4.0 CONCLUSIONS

1. Local authorities have made good progress in putting in place practical arrangements to embed social value-based approaches throughout their commissioning and procurement procedures. They are clear in the policies and priorities that inform and shape social value for them, and where they 'look for' social value as a consequence.
2. Most if not all are still 'feeling their way' as regards the evidencing, monitoring and measuring of social value, however, and there are a number of reasons for this:
  - It is still very early days. Few contracts so far let under the requirements of the new legislation have yet reached a point at which evidencing requirements can be reviewed or checked for effectiveness.
  - Providers and purchasers lack not just standardised methods for measuring and reporting social value, but also a shared language for articulating social value.
  - There is still some doubt about what commissioners and purchasers want to know – i.e. are they concerned primarily with counting social value 'outputs' (e.g. number of apprenticeships created), or are they more concerned with being able to assess the social impact derived from these additional social value outcomes?
  - Externally, the social value 'environment' is very confused, with concepts and language used imprecisely and interchangeably. We are also seeing a proliferation of courses, methods, tools, consultancy offers and proprietary systems purporting to measure social impact and social value, but in the absence of a clearer steer from commissioners, providers are reluctant to invest in adopting one particular evidencing methodology for fear that they may be acting prematurely or making the wrong decision.
3. Transferable social value evidencing and monitoring methods may exist in parts of some local authorities, but there is currently such a pressure on time and resources that local authorities are struggling to compare and assess practices across departments or directorates.

However, there are hopeful signs that efforts in these related areas are beginning to converge. For example, the Centre for Citizenship, Enterprise and Governance (CCEG)<sup>6</sup> has been asked by advisors to Hazel Blears MP to assess how public authorities are implementing the Act. CCEG will collate evidence and case studies in preparation for a Cross Party Report which will include recommendations to the various political parties as they break for summer recess and prepare their manifestos.

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<sup>6</sup> <http://www.cceg.org.uk>

In order to facilitate this process CCEG is creating a portal to allow public authorities to complete a survey and upload additional information.

As a major piece of work conducted at scale – it will involve contacting all 433 local authorities, NHS bodies, police and emergency services, and Local Enterprise Partnerships – this could be extremely helpful in establishing some shared sense of purpose and method regarding social impact analysis and social value. This research will also feed into a proposed Cross Parliamentary Group on Social Finance.<sup>7</sup>

BSSEC  
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<sup>7</sup> Further information from Professor Olinga Ta'eed, Director CCEG, [olinga.taheed@cceg.org.uk](mailto:olinga.taheed@cceg.org.uk)

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