

# ‘Embedding Social Value’

## KEY FINDINGS FROM A TWO-YEAR BARROW CADBURY TRUST-FUNDED PROJECT

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## 1.0 INTRODUCTION

The Public Services (Social Value) Act 2012 is “an Act to require public authorities to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes.”

For the past two years Birmingham & Solihull Social Economy Consortium (BSSEC) has been delivering a Barrow Cadbury Trust-funded project in which we have:

- Worked jointly with Birmingham City Council and other public service commissioners to devise meaningful and ‘do-able’ approaches to identifying and evidencing social value and incorporate these successfully in contract designs;
- Developed briefing resources and free workshops on the Act that can be delivered to social enterprises and trading voluntary organisations to improve their readiness and ability to utilise this new legislation and compete within its terms.

Earlier reports and materials can all be found on the BSSEC website.<sup>1</sup> Previous reports include:

- Birmingham City Council – Social Value Policy (22nd April 2012)<sup>2</sup>
- Embedding Social Value: Literature Review (Nov 2012)<sup>3</sup>
- Defining social value for Birmingham: A Launch and workshop event for Birmingham City Council (22nd January 2013)<sup>4</sup>
- Social Enterprise and the Public Services (Social Value) Act 2012: A Policy Briefing for Social Enterprises and Third Sector Organisations (May 2013)<sup>5</sup>
- Social Value: Implications of the Public Services (Social Value) Act 2012 for social enterprises and the third sector (May 2013) – a PowerPoint presentation based on the above<sup>6</sup>
- Social Value – One Year On: Implementing the Social Value Act in Public Sector Procurement: Report of a Roundtable Event (15th January 2014)<sup>7</sup>
- Evidencing Social Value: The Elephant in the Room: Report of a Roundtable Event (9th June 2014)<sup>8</sup>
- Other useful resources on social value<sup>9</sup>
- All blog posts tagged ‘social value’<sup>10</sup>

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<sup>1</sup> Commencing here: <http://bssec.org.uk/policy-issues/public-services-and-social-value/>

<sup>2</sup> See <http://bssec.org.uk/wp-content/uploads/2013/04/Social-Value-policy-Appendix-1-1.pdf>

<sup>3</sup> See <http://bssec.org.uk/wp-content/uploads/2012/11/Literature-Review-ESV-1.4.pdf>

<sup>4</sup> See <http://bssec.org.uk/wp-content/uploads/2012/11/Embedding-Social-Value-event-22jan13.pdf>

<sup>5</sup> See <http://bssec.org.uk/wp-content/uploads/2013/05/Social-enterprise-and-the-PSSV-Act-1.2.pdf>

<sup>6</sup> See <http://bssec.org.uk/wp-content/uploads/2013/06/BSSEC-presentation-TSA-1.1.ppt.pdf>

<sup>7</sup> See <http://bssec.org.uk/wp-content/uploads/2014/02/SocialValueRoundtableReportFinal1.0.pdf>

<sup>8</sup> See <http://bssec.org.uk/wp-content/uploads/2014/06/SocialValueThe-ElephantintheRoom.pdf>

<sup>9</sup> See <http://bssec.org.uk/useful-resources-on-social-value/>

<sup>10</sup> See <http://bssec.org.uk/category/public-services-social-value/>

## 2.0 KEY FINDINGS

### (A) TRENDS IN IMPLEMENTING SOCIAL VALUE

#### *Progress of local authorities*

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.

#### *Part of a wider response to public spending cuts/austerity*

Social value is not a 'blank slate' and is **not** being implemented in a stand-alone fashion. Local authorities are utilising the new legislation as part of a wider response to government spending cuts, the need to secure efficiency savings, redesign services and manage (and reduce) service demand.

For many it is also part of the gradual transition to becoming primarily 'commissioning authorities' – i.e. commissioning services from third party providers rather than delivering services in-house. Existing corporate priorities are in many cases being used to establish 'frameworks' for social value. Amongst all of the local authorities we have spoken to the following have 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.

#### *Going beyond the minimum requirements of the Act*

The trend amongst those local authorities taking the boldest approaches and those making the most progress is to go *beyond the minimum requirements* of the Act. Rather than applying social value narrowly – i.e. only to services (and to contracts with a service element), and to contracts above the EU procurement thresholds (which is all the Act stipulates) – they are applying the legislation as widely as possible, to both services and goods, to all contract values, and to all providers.

#### *Aligning social value with other policy drivers*

Where other key processes and/or policy drivers already exist – such as, in Birmingham City Council's case, the Birmingham Business Charter for Social Responsibility (BBC4SR)<sup>11</sup> – efforts are being made to align social value with these so that they can offer 'ready made' tools to help realise social value.

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<sup>11</sup> Birmingham Business Charter for Social Responsibility:  
<http://www.finditinbirmingham.com/Upload/Charter/BBC4SR-supporting-documents.pdf>

### ***Evidencing social value – the least developed element***

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

- 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.
- 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?

For these reasons, developing a single ‘tool’ for evidencing and measuring social value as part of this project would have been premature.

Most authorities (and social enterprises, for that matter) are adopting a ‘wait and see’ position on measuring social value, understandably reluctant to invest in a single option at this present time for fear of making the wrong choice. We expect this situation to become clearer as the use of the legislation matures and contracts let under the new regime of social value fall due for review.

### ***Existing in-house monitoring/measurement methods are not being assessed for transferability***

Reduced capacity within local authorities means that relatively little is being done to assess whether transferable evidencing and monitoring methods might already exist in other parts of the organisation – e.g. in Supporting People commissioning. Supporting People services are for vulnerable adult client groups and historically their contract management arrangements have included nationally agreed outcome measures and data collection methods, some of which may have transferability to other spend categories/services.

### ***Proliferation of tools, methods, consultancy offers***

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.

Two recent developments help illustrate this problem.

The Cabinet Office recently launched *Inspiring Impact*,<sup>12</sup> a website of “new impact measurement tools”. The website includes an online self-assessment tool intended to enable users review their social impact practice, but the other “tools” are really only a bringing together of existing resources – and a quick count indicates that there are already almost 70 impact and outcome measures, 20 diagnostic tools and almost 80 reports on the website. While it is undoubtedly helpful to have these materials drawn together, there is no contextual analysis of their respective merits.

Similarly, Social Enterprise UK recently launched the Social Value Hub,<sup>13</sup> which performs much the same function. Materials here are also archived without analysis or recommendation.

However, the time and resources any thorough-going analysis would require cannot be over-stated. It seems extremely unlikely that we will see any detailed assessment of the merits of individual measurement tools in the near future, although as part of our ongoing work we plan to attempt this with at least some of the most prominent, giving particular emphasis to their usefulness, accessibility and transferability to other contexts.

### *Widespread problems – not restricted to ‘social value’*

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. However, there are hopeful signs that efforts in these related areas are beginning to converge.

For example, the Centre for Citizenship, Enterprise and Governance (CEEG)<sup>14</sup> has been asked by advisors to Hazel Blears MP to assess how public authorities are implementing the Act. As a major piece of work conducted at scale – it involves contacting around 11,000 organisations, including 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.

CEEG’s research will feed into a proposed Cross Parliamentary Group on Social Finance and will culminate in the launch of a UK Social Value Portal in the Autumn 2014. This it is said will include guidance, recommendations and best practice on social value.<sup>15</sup> The information-gathering is being done in three phases as follows: (i) public sector, (ii) private sector, (iii) social enterprise and third sector. However, interested parties can register now to receive alerts on this work and can also

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<sup>12</sup> See the Inspiring Impact website: <http://inspiringimpact.org/measuringup/>

<sup>13</sup> The Social Value Hub <http://socialvaluehub.org.uk>

<sup>14</sup> <http://www.ceeg.org.uk>

<sup>15</sup> Further information from Professor Olinga Ta’eed, Director CEEG, [olinga.taeed@ceeg.org.uk](mailto:olinga.taeed@ceeg.org.uk)

complete a preliminary survey – **NB** it is possible to register *without* completing the initial survey.<sup>16</sup>

## **(B) KEY ISSUES FOR SOCIAL ENTERPRISES**

### *Confusion and lack of clarity about what evidence is needed*

The key issue for social enterprises is that many don't know where to start in adopting a social value measurement method. They don't know what to measure, they don't know what data or information to collect, they don't know which method will provide the most meaningful information for commissioners (or indeed for other types of customers), they don't know the costs of adoption and implementation, nor what tool is most suited to their size and type of organisation.

Many take one look at the resources and tools competing for their attention (see the Inspiring Impact<sup>17</sup> and Social Value Hub websites)<sup>18</sup> and give up. We found this borne out by the relatively few social enterprises that came forward for the free workshops and training. And yet those that did, and especially those that undertook one-to-one diagnostics, were overwhelmingly positive about the experience and said that it had helped them to understand what was relevant in the way of indicators, data and measures for their organisation.

It is also still unclear what evidence commissioners are likely to want. Some public authorities (such as Kirklees Council) have suggested that they will be satisfied by indicative case studies illustrating the typical social value a service or intervention achieves, rather than anything more statistical.

But others – staff recently transferred from CCGs to local authorities' new public health teams, for example – are only really interested in hard, measurable outcomes that offer statistical analysis. Commissioning culture and background clearly makes a difference.

In such circumstances, then, it is hardly surprising that social enterprises are adopting a wait and see approach, one the one hand hoping that commissioners' needs regarding the evidencing and reporting of social value will become clearer, and on the other that dominant social value evidence models will gradually become evident.

### *Capacity*

There is a big issue regarding capacity too. Our experience of delivering support workshops suggests that smaller organisations (by which we mean virtually any organisation with fewer than around 25 staff) are struggling with social value and impact measurement because they don't have adequate staff levels for someone to be dedicated to it on an organisational basis.

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<sup>16</sup> Dedicated CCEG website for this social value work: <http://www.cceg.org.uk/#!social-value-act/c2dy>

<sup>17</sup> See the Inspiring Impact website: <http://inspiringimpact.org/measuringup/>

<sup>18</sup> The Social Value Hub <http://socialvaluehub.org.uk>

### ***The Birmingham Business Charter for Social Responsibility***

There is also a Birmingham-specific issue connected with the Birmingham Business Charter for Social Responsibility. While some social enterprises are still confused by the Charter, we covered it thoroughly in the support workshops and many said they found it helpful and that it gave them a much clearer idea of what they needed to be able to assess and measure in order to secure the Charter. In some respects, they found the Charter easier to grasp than the more abstract concept of ‘social value’.

Further clarity from Birmingham City Council about how businesses’ Charter action plans will be assessed and outcomes measured would be helpful, however. The Charter has introduced some logistical problems – whether an action plan is organisational, for instance, or tied to a particular contract, or whether some providers may have both an organisational action plan *and* a contract-specific action plan. It would also be helpful for businesses to be able to see some live examples of Charter action plans. These issues need to be ironed out.

### ***Proportionality***

Reinforcing the message that the data social enterprises seek to capture and measure should be proportionate to the contract (its value, nature and scale) is important. Some automatically try to do too much.

### ***Social value – needs to be described before it can be measured***

For many social enterprises, however, there is a problem preceding that of measuring social value – and this is *articulating* and *describing* social value.

Many social enterprises struggle to describe what they do, why and how they do it and the social value that derives from their activity. They lack a defined, agreed *corporate* statement regarding their social value that is understood and *used* by all staff at all levels throughout the organisation. Arriving at this is not an answer in itself but it is a good starting point and would help many to begin the process of identifying a suitable social value framework – including appropriate social value indicators and evidence – specifically for that organisation.

An agreed ‘social value statement’ would also help social enterprises at the tendering stage, certainly as far as Birmingham City Council is concerned.

### ***Social Return on Investment?***

It still seems to be the case that enterprises that have been early adopters of Social Return on Investment (SROI)<sup>19</sup> may find that while a specific SROI ratio figure is not what commissioners want, nonetheless the disciplines of SROI *will* provide the enterprise with more than adequate evidence from which it can cherry-pick.

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<sup>19</sup> For more information see: <http://www.thesroinetwork.org>

### *Disproportionate burden on suppliers?*

How local authorities monitor and evidence the social value being achieved by their procurement and how this enables the coherent reporting of these benefits to their citizens remain major outstanding questions, then. It may well be that a disproportionate burden of data-gathering and evidence will fall predominantly on the shoulders of suppliers – severely disadvantaging small social enterprise and third sector providers (and, it must be said, smaller SMEs too).

The Third Sector Research Centre recently published a report voicing precisely these concerns.<sup>20</sup> We believe that whatever regime of evidence an authority adopts must be proportionate and ‘do-able’. If it hinders suppliers in their *delivery* of social value then it will be worse than counter-productive – it will erode social value rather than create it.

This makes continuing work to support social enterprises and trading third sector organisations in their social value practices of even greater importance.

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<sup>20</sup> See Harlock J, *From outcomes-based commissioning to social value? Implications for performance managing the third sector*, Third Sector Research Centre Working Paper 123 (June 2014).  
<http://www.birmingham.ac.uk/generic/tsrc/documents/tsrc/working-papers/working-paper-123.pdf>



### 3.0 CONCLUSION

While some recent reports have suggested that generally inadequate progress has been made by public authorities in their implementation of the Public Services (Social Value) Act 2012,<sup>21</sup> we tend to disagree with this view. It understates the incredibly difficult financial and service delivery environment in which public authorities are implementing this new legislation. Our experience, certainly as far as local authorities are concerned, is that many have made very good progress in very difficult circumstances.

It is true, however, that evidencing and reporting social value remain underdeveloped, and here greater effort is required – and this should be a joint effort between public service commissioners *and* social enterprises and third sector organisations. We have always taken the view – indeed, it underpinned this work from its inception – that this is the only approach that is likely to produce social value reporting approaches that are ‘do-able’, practicable and proportionate.

To social enterprises and third sector organisations in Birmingham we would make a particular plea – and that is that they take this early opportunity to sign up to acquire the Birmingham Business Charter for Social Responsibility. The Charter is still in its infancy and early adopters are likely to be able to influence both it and the subsequent monitoring that will be required from businesses reporting against their Charter action plans. While the Charter is not synonymous with social value, it has become Birmingham’s dominant tool for contributing to social value and certainly amongst those who attended our support workshops, many found the Charter a more practical and less abstract way of thinking about social value and found the process helpful. On those grounds, social enterprises should get cracking and start signing up to the Charter – don’t leave it to the private sector to lead on the Charter, as is the case at the moment.

#### *The future*

We would like to take this opportunity to thank the Barrow Cadbury Trust for funding this innovative project and for agreeing to fund a further three years’ work around social value.

In the continuing project we will be working to look more widely at social value progress amongst other types of public authorities, looking particularly for good practice that is transferable, and most importantly making clear recommendations for the sector about tools and approaches that work.

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<sup>21</sup> For example, see *A reality check on social value*, Third Sector magazine (online), 27/05/14 <http://www.thirdsector.co.uk/reality-check-social-value/policy-and-politics/article/1295750> and Harlock J, *From outcomes-based commissioning to social value? Implications for performance managing the third sector*, Third Sector Research Centre Working Paper 123 (June 2014). <http://www.birmingham.ac.uk/generic/tsrc/documents/tsrc/working-papers/working-paper-123.pdf>

We would also like to thank all those who contributed to this project, especially Birmingham City Council, all those who have attended workshops and given generously of their time in producing presentations, all those who have followed this work and made use of our reports and briefings, and all those who have taken the time to comment on the work and encourage us in what we have tried to do.

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