

COMMUNITIES COUNT: THE FOUR STEPS TO UNLOCKING SOCIAL VALUE



Acknowledgements

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Cover image:

CleanStart, Trafford
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Foreword

I would like to congratulate Social Enterprise UK, PwC, Wates Group, the Chartered Institute of Housing and Orbit Group, on the publication of this important report.

It has been almost eighteen months since the Public Services (Social Value) Act came into operation and I have been delighted to see the impact it is having on the delivery of social value across the country.

This report sets out how housing associations and local authorities are creating social value in the services they commission and provide.

Of course, the concept of social value has been around for much longer than the Act. But, in light of this, it is interesting to note that survey respondents believe that the Social Value Act is an important catalyst for social value creation, but not the single driver.

In other words, many organisations were already implementing social value without being told they had a duty to consider it. It was in this context that the Act came into being. The Act was never designed to impose an extra burden on commissioners but rather, its aim is to provide a blueprint for cultural change, building on the appetite for social value that already existed.

This report identifies a number of practical steps that organisations can take in order to create more social value. Based on the feedback I have received through my interaction with commissioners across the country, I would agree that these measures are essential to the effective and sustainable creation of social value, and would urge all interested parties to read, and act upon, the recommendations made in this report.

I commend the authors once again on an enlightening report which will add to our understanding of the best ways we can create and implement social value in the future.

Chris White MP
Social Value Ambassador

Foreword

This government has made clear its commitment to affordable housing, with almost 200,000 affordable homes delivered in England since April 2010. This commitment can also be seen in the £3.3bn we are investing from April 2015 which, when matched with £20bn of private investment, will support the delivery of a further 165,000 additional affordable homes.

What is critical is that every penny of this money is spent effectively and in a way that delivers the most benefit for people, their communities and society as a whole. That is why I welcome the publication of this report, because it focuses on exactly this challenge, and suggests practical ways to meet it.

It is clear from this report that housing associations and local authorities deliver significant social value in their communities, helping create jobs, strengthen local economies and improve the lives of their residents. But the research also highlights that taking a social value approach can drive efficiencies and deliver cost savings. This should encourage even more housing providers and local authorities to seize the opportunity it presents.

For, as the title of this report *Communities Count* reminds us, that opportunity is one to build the vibrant and resilient communities we all want to live and work in. Of course we need to build more homes, but it is also about building the homes and communities that meet people's needs and aspirations.

Finally, I would like to congratulate the partners involved in this piece of work: Social Enterprise UK, PwC, Wates Group, Orbit Group and the Chartered Institute of Housing. Between them, they embody one of their own four steps to unlocking social value: delivery in partnership. And such cross-sector partnerships will be crucial to delivering social value in future, and ensuring that we get maximum benefit from everything we spend.

Kris Hopkins MP
Minister for Housing

Executive summary

Social value is delivered by organisations in different sectors in a variety of ways and, increasingly, through social enterprises which seek to balance a business head with a social heart.

Social value is increasingly understood to be one of the most useful tools we have for turning the country around by promoting economic growth alongside social wellbeing and minimising environmental damage; while helping Britain face the future with confidence. Social value can't be delivered without the commitment of all involved, particularly those who commission and procure the work that they are paying for.

Housing associations and local authorities are well positioned to create this future. The Homes and Communities Agency and housing associations are investing a combined £6bn each year in new homes. With this comes a significant opportunity to create social value: more jobs, stronger local economies, healthier residents and vibrant communities. Local authorities also spend billions on services each year, and face a financial outlook which means they have to transform services, innovate, and get maximum value from their spending.

Despite this context, and the introduction of the Social Value Act, a third of organisations surveyed in this report do not consider social value across all the services they procure – this is especially true of smaller organisations. So has the legislation made any real difference? How can we ensure that every public body truly builds social value into their whole organisation?

The challenge is that creating social value is difficult. Defining, delivering and measuring it is difficult. Unfortunately, too many organisations are currently only seeing the difficulty, which means missing the opportunity. Our research makes it clear that it is an opportunity to drive cost savings, deliver services more innovatively and reinvigorate organisations.

This report aims to provide clear ways to meet this challenge by indicating: key **steps** to follow, **findings** to support and inform, and practical **recommendations** to action.

It builds on the findings of the largest and most comprehensive survey to date into how housing associations and local authorities are seeking to create social value. Our work is based on 200 telephone interviews with senior leaders in 77 local authorities and 123 housing associations, covering a wide diversity of scale, geography and experience in this field.

We have concluded that there are **four steps to unlocking social value:**



1) Define the vision

Organisations who are best placed to achieve social value have a clarity of vision and a definition about what difference they want to make locally, with leaders who can effectively articulate this.

2) Integrate across the business

The vision for social value must be integrated across all services and operations, and involve stakeholders in design and delivery. Social value is not an additional box to be ticked.

3) Deliver through partnership

The complex nature of the issues involved means that maximising social value is best addressed through establishing strong, cross-sector, long-term partnerships where priorities are aligned.

4) Measure the difference

The important changes and benefits delivered must be evidenced and communicated: it is essential to be able to measure and report the social value that is being created.

Key findings: trends and insights

1) Social value can deliver cost savings and better services. The wider range of benefits derived from a focus on social value is substantial: 71% said that it had led to 'better service delivery', and 70% said it had led to 'opportunities for innovation'. Importantly, more than half of respondents (52%) said delivering social value leads to cost savings

2) Social value improves external relationships. 82% of those surveyed reported that delivering social value had led to an 'improved image of their organisation', while 78% said it had led to 'better community relations'.

3) Only a third of organisations are not considering social value across all services. 66% of organisations currently consider social value across all the services they procure, but this still leaves one third of housing associations and local authorities which do not.

4) Social value leadership is crucial. Two thirds of respondents said their organisations have a nominated lead for social value. These organisations face fewer challenges in delivering and measuring social value than those without.

5) The Social Value Act has had limited impact so far. The Act created step-changes in how some organisations consider social value: 39% said it has had a high impact but 56% reported a low impact - largely because they were doing it already.

6) Current priorities are employment and job-creation. 80% of respondents stated employment as a key local social value priority. The other most popular employment related choices were youth employment, training and volunteering.

7) Social enterprise is a route to social value. 90% of respondents were very satisfied or satisfied that social enterprise was a route to delivering social value; many are using social enterprises to engage and involve tenants and residents.

8) Measurement is the biggest challenge. A majority of respondents report measurement as the main barrier to implementation, with 53% identifying it as the main barrier during the commissioning process and 55% as the main barrier post-commissioning in contract management.

9) Measurement improves with clarity of purpose. There is a strong correlation between those organisations which have a written social value policy, and those who have a method for measuring social value; only 37% currently have a policy.

10) Size matters. Smaller housing associations and local authorities tend to be less advanced in terms of social value policies, definitions and measurement - highlighting the need for guidance and support.

Key recommendations:

- 1) Adopt a written policy and a nominated lead for social value
- 2) 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
- 3) Integrate and consider social value across all services, regardless of size
- 4) Work with, buy from, start-up and support social enterprises to help deliver social value
- 5) Measure the social value being created against a clear sense of what is trying to be achieved, proportionately, and throughout the length of contracts.

Introduction and context

The Social Value Journey

Our research has identified four steps to unlocking social value, each explored in greater detail below. Between them, they form a clear path that organisations can follow in order to maximise the social value they create:



The global financial crisis in 2008 created a new set of challenges for governments, businesses and communities. Local government will have to have made some £20 billion in savings by the end of this Parliament¹, whilst businesses have suffered a dramatic crisis of confidence amongst clients and consumers. Meanwhile, societal problems remain significant in many areas: unemployment, health, environment and more. The response of legislators and progressive organisations across sectors has been the same: to look at value not in purely financial terms, but to also think about social and environmental value as a means of engaging and involving customers and communities; and to do this to ensure the best possible use of available resources.

The most obvious example of legislation has been the passage of the Public Services (Social Value) Act which became law on January 31st 2013. This requires all public sector bodies to consider the wider economic, social and environmental value in the pre-procurement stage of commissioning above certain thresholds². With £200bn+ being spent annually through public procurement, the Act marked a shift in the way that the government considers value, and can be seen as the latest in a longer running series of policy developments, including the Department for Communities and Local Government's revised Best Value Guidance and recent announcements at the European level³.

This shift is not just occurring in government: it has also been reflected in business thinking. Michael Porter, a business strategy expert, has proposed and promoted the concept of shared value to reflect this more integrated way of thinking and acting⁴. Forward-thinking businesses are also looking at areas such as reporting – there are several global initiatives⁵ that are leading the integration of social, environmental and financial reporting, which mirrors developments in the public sector.

Across housing associations and local authorities, the concept of social value pre-dates these more recent shifts. Many housing associations have a direct mandate, mission or duty to work for social purpose and this informs their business decisions. Equally, many local authorities, particularly in more deprived areas, have sought to use their purchasing power to help to shape local markets and support charities and social enterprises.

This report has brought together a group of partners from across different sectors and industries to look at how housing associations and local authorities are seeking to create social value in the way they operate. It is the view of these partners that the economic and social challenges referred to above are too great for any one sector or set of organisations to tackle individually. It is only by working across the public, private and third sectors that they can be met. Social value can be both a route to and a result of such partnerships.

This is at the heart of why social value is so important: transforming services, creating new innovative approaches, building in sustainability, delivering business that works for all – none of this can be achieved in silos, in single departments, or by things being tokenistically added on to existing practice. Rather, it comes from an understanding that effective services and business are inextricably interlinked with the health and prosperity of the people and communities they work in.

But there is a clear challenge – creating social value is difficult and complex to achieve. Defining it is difficult, integrating it across services is difficult, delivering it with partners is difficult, and measuring it is difficult.

This report aims to meet that challenge head on, by providing recommendations, raising questions and highlighting the steps to unlocking social value.

1 See http://www.local.gov.uk/media-releases/-/journal_content/56/10180/5782122/NEWS#sthash.Rsv9TWHl.dpuf

2 See <http://www.socialenterprise.org.uk/advice-services/topic/the-social-value-act> for more information

3 See <http://ec.europa.eu/social/BlobServlet?docId=6457&langId=en> European Commission Document "Buying Social: A Guide to Taking Account of Social Considerations in Public Procurement" (January 2011)

4 "Creating Shared Value" by Michael Porter and Mark Kramer, (Harvard Business Review; January 2011)

5 International Integrated Reporting Council (www.theiirc.org), Finance for the Future (www.financeforthefuture.co.uk/), Global Impact Investing Rating System (<http://giirs.org/>), Social Return on Investment (www.thesroinetwork.org); Global Reporting Initiative (<https://www.globalreporting.org>); Total Impact Measurement and Management (<http://www.pwc.co.uk/corporate-sustainability/total-impact-measurement-management.jhtml>)

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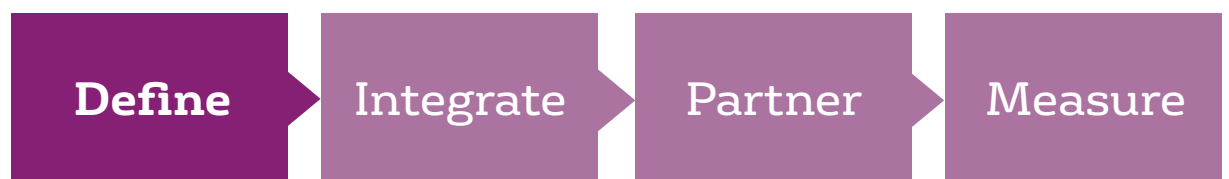
Define the vision

This section looks in turn at how local authorities and housing associations are:

- *defining their social value **priorities***
 - *creating written guidance and **policies** on social value*
 - *nominating specific people to provide **leadership** on social value*
 - *responding to the **Social Value Act***
-

Defining what social value is for an organisation in its local area is a key step. Achieving this definition and an associated clarity of purpose is a critical first step in understanding how best to deliver and maximise such value.

The research demonstrates that local authorities and housing associations with this clarity of intent and purpose in their policies and strategies, supported by senior leadership, are better equipped to deliver social value in their localities.



1.1 Defining priorities

The first step in the creation of any social value strategy is an understanding of the local priorities which need to be addressed. We asked respondents to outline the top three social value priorities for their organisation:

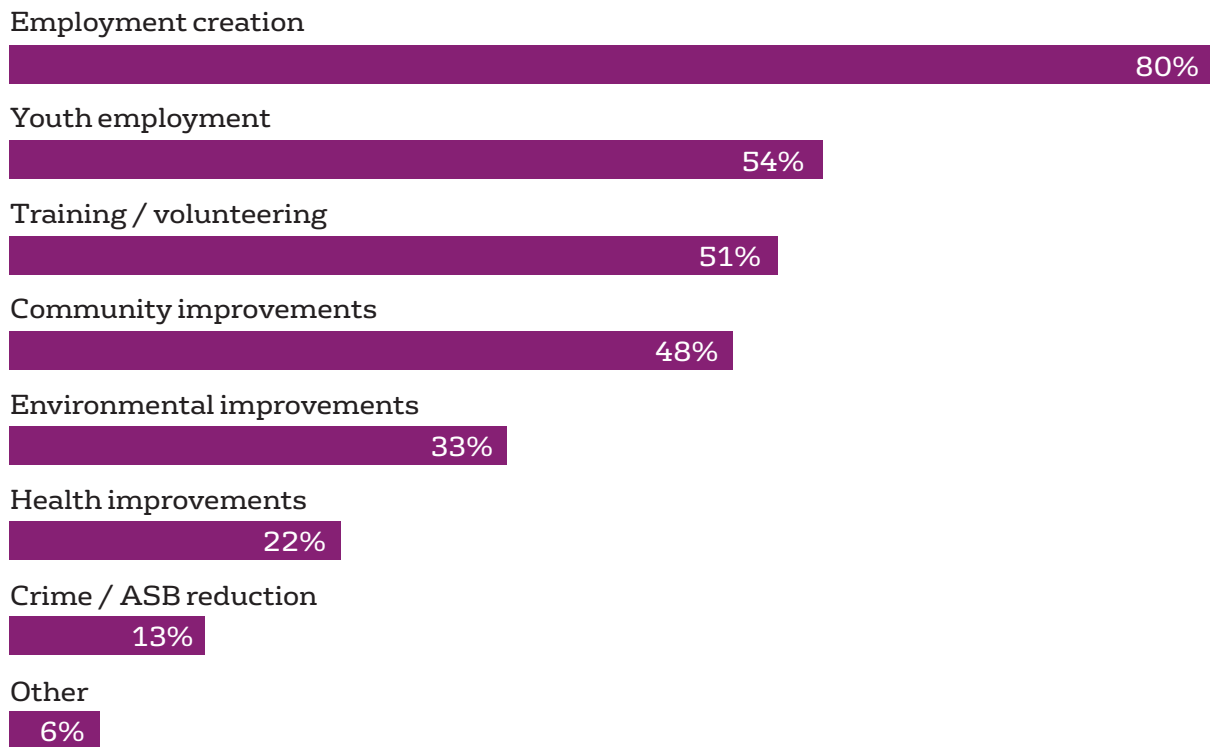
The creation of employment opportunities was the most frequently mentioned priority for organisations when defining social value. The next most popular, which are also closely related, were youth employment creation and training/volunteering opportunities. Of the 'other' responses, most said their priority when considering social value is supporting the local economy or using local supply chains. This reinforces the focus of the majority on creating local jobs and employment.

In relation to most of these priorities, there is little significant difference between housing associations and local authorities, apart from in two areas: crime and health. 19% of local

authorities have crime as a priority, compared to only 8% of housing associations; and over a third of local authorities included health improvements as one of their top three priorities, compared to only 12% of housing associations. This perhaps reflects current commissioning practice (eg. public health and adult care in local authorities) but will be interesting to track as more housing associations begin to work proactively in these areas, especially healthcare. It is also worth noting that employment is widely acknowledged as a route to physical and mental health improvements⁶.

A small number of respondents (15%) made the observation that their priorities changed depending on the size and type of contract being procured. For example, a common priority within large repairs and maintenance contracts is the creation of employment through apprenticeships. This is perceived to be more difficult with smaller-scale contracts.

Figure 1: What are the social value priorities for your organisation?



⁶ For example, see *Is Work Good for Your Health and Wellbeing?* https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214326/hwwb-is-work-good-for-you.pdf

Case study: *Starting with definition: Shropshire Council*

Shropshire Council's first step on their social value journey was the appointment of the Councillor with responsibility for Adult Services and Commissioning as a designated lead on social value. Their remit is to champion this issue with other members of the Council.

The Social Value Act then provided major impetus for further action. Consistency of purpose was a key driver for the Council – social value was therefore considered as part of the overall commissioning strategy, “*Commissioning for the Future⁷*”. Working in consultation with the Shropshire Voluntary and Community Sector Assembly, the document contains a number of social value commitments including:

- Setting out a social value statement of intent: “*thinking about how everything we commission can generate wider benefit for the community*”

- A commitment to “*apply Social Value principles in all commissioning and procurement activity*”
- The inclusion of social value in a list of ‘Values’ that will “*play a crucial role in helping to deliver customer outcomes and the Mission as set out in the strategy*”.

To ensure that there is sufficient capacity amongst voluntary, community and social enterprise organisations to deliver this strategy, the Council has also provided a small amount of finance to pump-prime the Shropshire Providers Consortium – this includes providers across principal Council directorates such as older people, health & wellbeing, employment & training and children & young people. It is hoped that investing in this partnership will help deliver the desired local outcomes.

Learning points:

- Political leadership provides impetus and direction
- Embedding social value within overall commissioning strategy gains acceptance
- Working with existing charity and social enterprise networks aids consultation

⁷ <http://new.shropshire.gov.uk/media1/1010/commissioning-strategy-for-consultation-feb-2014.pdf>

1.2 Written Guidance and Social Value Policies

The research then asked how many enshrined these priorities in a written social value policy. The answer overall is that only a third of respondents (37%) currently have a written policy, with a further 48% working towards one in some way.

This is despite there being clear advantages to having a policy in place. As Figure 2 below makes clear, those with a policy in place are facing less difficulty with the fundamental issues of defining and measuring social value than those without:

1.3 Leadership: seniority and role

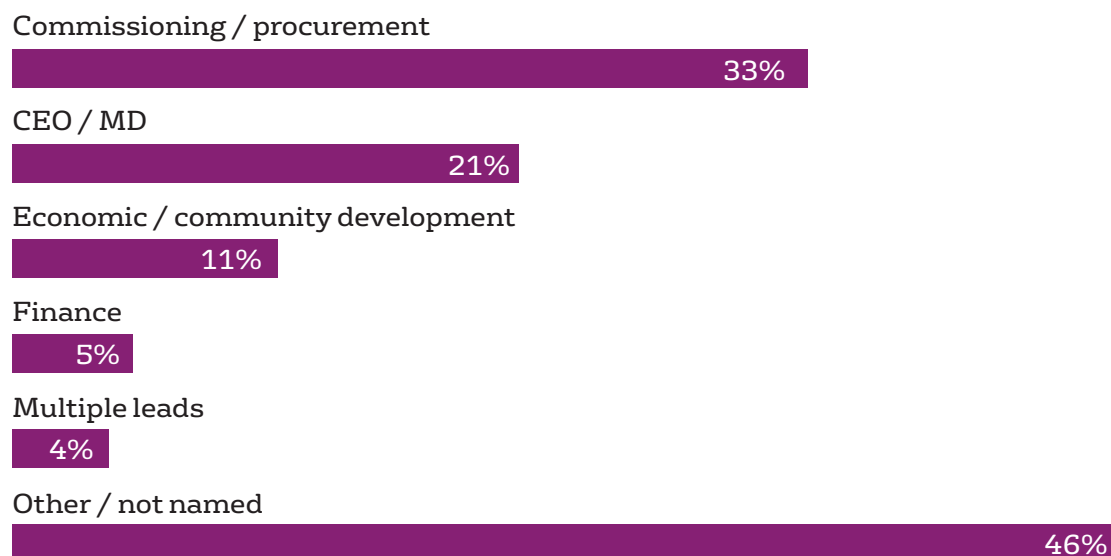
A policy on paper is nothing without people supporting it, so who is leading the work within these organisations? 60% of respondents have a nominated lead for social value, with housing associations currently more likely to have someone in this role than local authorities (66% compared to 51%). The positions of people who assume this role varies, but over a quarter of the 120 are procurement or commissioning officers while 21 are Chief Executive Officers (primarily

Figure 2: What difficulties do you face in considering social value? (for organisations with and without a social value policy)

	With Policy	Without Policy
Difficulty applying anything beyond what is required in the Social Value Act	31%	69%
Difficulty defining social value	24%	76%
Difficulty measuring social value in commissioning process	31%	69%
Difficulty measuring social value after commissioning process	40%	60%
Other	44%	56%

The research also uncovered some interesting trends when the size of organisations was taken into account. 90% of smaller housing associations (1-499 properties) do not have a social value policy, with 48% saying they have no current plans to produce one. This is despite quite high levels of senior buy-in amongst this group, with 75% naming their chief executive as the nominated lead for social value.

in smaller housing associations). Amongst local authorities, there was a clear disparity in terms of scale, with just 33% of small Local Authorities (less than 80,000 population) having a nominated lead for social value compared to 67% in the largest (more than 300,000 population); a similar trend can be seen in housing associations (72% in the largest have a lead, while only 57% of the smallest do).

Figure 3: What job title does your nominated social value lead have?

Responsibility is not always restricted to one person - a common response among organisations for not having a nominated lead was that they prefer to spread the responsibility for social value across personnel and departments. In some cases, this may demonstrate that integration is being achieved; in others it may mean a less co-ordinated, more fragmented set of activities.

When looking at the challenges of delivering a social value policy, those organisations with a nominated lead faced fewer challenges to implementation than those without, specifically in defining social value, in going beyond the Act's requirements and in measurement. This supports the findings of other social value literature, which has identified the benefits of senior (and political) leadership buy-in⁸.

Thinking of value in this new way also requires cultural change and a change of mindset. Leadership is critical to achieving this *cultural* shift alongside the technical process. If procurement officers are being asked to help change the world, or at least the world around them, a new policy or contract management process is not going to achieve this alone.

1.4 Impact of the Public Services (Social Value) Act

Whilst the overall impact of the Public Services (Social Value) Act has not met some people's expectations, the Act has clearly had a catalytic effect on the number of organisations developing their leadership around social value. Of the 39% of respondents who felt the impact of the Act was high or very high, many pointed to its internal impact rather than external:

- Acting as a catalyst to raise the profile of social value;
- Helping establish more robust and more formal procedures and processes;
- Generating internal and external buy-in;
- Focusing the approach to social value and tightening definitions;
- Providing clarity around delivering social value, something that was done informally before
- Helping drive new strategies;

⁸ See p.8, *The Future of Social Value* (SEUK / Landmarc, April 2014) - <http://www.socialenterprise.org.uk/uploads/files/2014/04/thefutureofsocialvalue1.pdf>

The Social Value Act has had tangible impact as a catalyst for action within organisations.

The potential of the Act as a catalyst to formalise the previously informal, to build internal focus, and help generate buy-in across organisations is important. With further awareness raising, information provision and education, there is the potential to use the opportunity the Act provides to drive further change and improvement in the future.

Many organisations felt that they were 'doing social value' successfully before the Act arrived⁹, which further reinforces this point about extending, expanding and formalising existing activity.

1.5 Conclusions

The research shows that **defining social value priorities is a critical factor** in maximising social value. Internal policies and strategies not only provide clarity of purpose for the whole organisation, but also the foundation for integration across services, successful implementation and meaningful measurement.

Within those priorities, employment is currently the top priority for most, which is not surprising given the economic climate and procurement focus of our respondents. However, there is a growing understanding that **social value is not just about employment**; in particular, the focus on environmental work and addressing health inequalities reflects broader societal trends.

Where **policies are supported by appointed leads and senior leadership buy-in**, this makes it more likely that words on paper will translate into action in a co-ordinated way. Internal and external communication from these individuals can help raise the profile of social value and an organisation's commitment to it.

Though not responsible for revolutionary changes, **the Public Services (Social Value) Act has had tangible impact as a catalyst for action** within organisations: improving procedures, providing focus, creating buy-in and helping drive new activity.

Recommendations

- 1) **Prepare and adopt a social value policy** in local areas to give people a framework and shared understanding; this is best done in partnership, and either annually or on a three-year cycle.
- 2) **Appoint a nominated lead**: because commissioning for social value requires culture change, internal communication, and someone to drive the process.

9 This is explored further in section 2.4 below

Case study: ***A clear vision of value: Kirklees Metropolitan Borough Council***

The overall definition of social value is clear for West Yorkshire's Kirklees Council. For them it means: *"using our money more strategically to produce a wider public benefit than would otherwise have been achieved."*

Based on this definition, the Council leadership developed a 'values and principles'-based social value policy¹⁰ to inform their approach throughout the whole commissioning cycle, and across goods and services contracts. These values and principles are:

- Investment in ways that most benefit local communities.
- Use of 'community sourcing' to regenerate local communities, socially and economically.
- Recognition that civic enterprise solutions involving communities, the Council and business offer a practical and positive alternative.
- Growth of the relationship between the Council, the voluntary and community sector, and small businesses; and
- Focussing attention on the economic strengths and capacities of local communities.

These values were then defined as a series of tangible outcomes, which include a focus on local provision, increasing social innovation, supporting job creation and training opportunities, growing the social sector, and increased value for money.

This logical approach is to be supported with a social value toolkit, which will include tools, case studies and checklists for use by all procurement and commissioning professionals.

There have already been some excellent early examples as a consequence of this work. In commissioning the construction of Huddersfield Sports Centre project recently, the Council were able to work with the chosen contractor to create a number of local employment and training opportunities. The guidance also recently enabled the Council to divide a research contract into multiple lots to allow smaller local providers to more effectively compete.

Learning points:

- Applying social value to the whole commissioning cycle ensures traction
 - Top-level definitions can be segmented into more tangible outcomes for greater clarity
 - Supporting documents (toolkits) can help internal staff deliver on the vision
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¹⁰ <https://www.kirklees.gov.uk/business/businessWithCouncil/pdf/socialValuePolicyStatement.pdf>

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Integrate across the business

This section looks in turn at how local authorities and housing associations are:

- *considering social value in **procurement** of all services*
 - *creating greater value and **wider benefits** from a social value approach*
 - *identifying **barriers** to integration of social value*
 - *using the Social Value Act to **support integration***
 - *involving **stakeholders**, especially tenants and residents, in social value*
-

This next step to social value is **integration**: across services, across organisations and involving stakeholders. This section looks at the extent to which local authorities and housing associations have been able to embed social value into their wider working practices.

Social value has the potential to transform the way in which organisations operate: not only in being applied across commissioning and procurement, but also involving tenants and stakeholders in delivery and design. By successfully integrating social value across services, practices and processes, there is the potential to realise efficiencies, drive innovation and empower communities.



2.1 Considering social value in procurement

Almost two-thirds of respondents to the survey (66%) consider social value for all the services they currently procure. This included a small minority of respondents who said that the ethos and mission of their organisation was such that social value was considered in all procurement activity as a matter of course.

A further 23% of respondents said they were 'working towards' or 'considering moving to' a situation where social value was considered for the procurement of all services. 10% of respondents have no current plans to apply social value to the procurement of all services – this partly relates to scale, with most of these being smaller housing associations and local authorities.

The research supports the view that this 'missing' third of organisations should address this situation to help them deliver social value more effectively; as the findings and case studies in this report make clear, there is much that can be done with the right intent, regardless of size or financial constraints.

Additionally, while two-thirds of organisations reported that they felt 'satisfied' or 'very satisfied' with the effectiveness of their current processes in considering social value, 21% said they were 'dissatisfied'. With only 13% of respondents reporting being 'very satisfied' with their processes there is clearly a need to do more and to share good practice.

2.2 Social value creating greater value?

Does a focus on delivering social value in procurement provide more for the organisations that do so? The research says yes: integrating social value and engaging with social enterprise is creating wider benefits for both local authorities and housing associations above and beyond the direct services they procure.

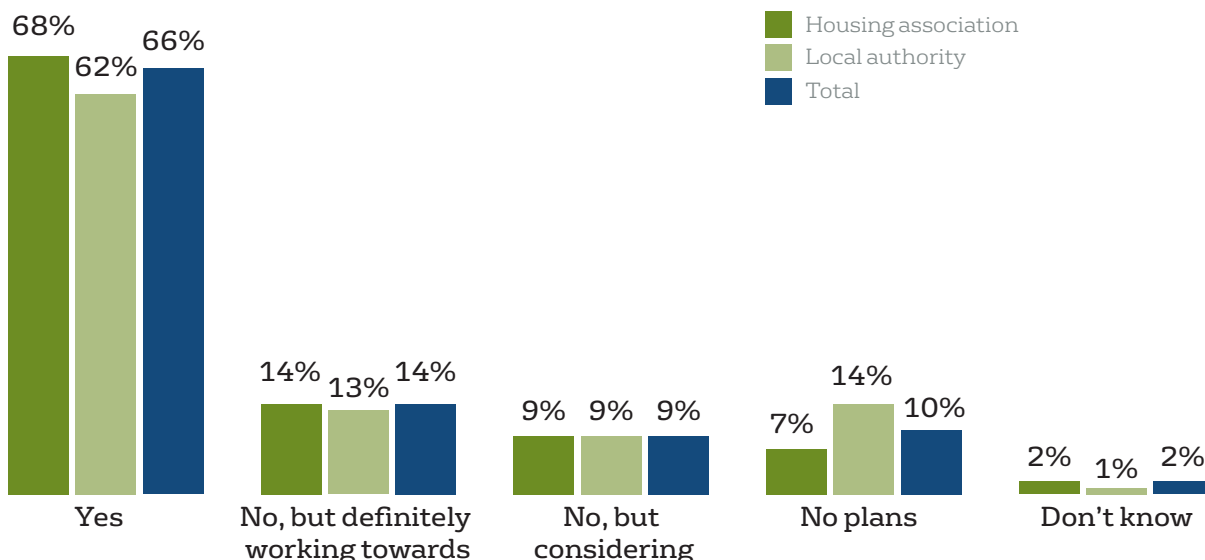
Most respondents report that when social value is delivered there are a wide range of additional benefits, such as: improved image of organisation, better community relations, more effective service delivery, innovation and cost savings.

82% of those surveyed reported that delivering social value had led to an 'improved image of their organisation', though almost all respondents pointed out that this had not been the motivation for doing so, but a by-product of the approach.

The second most popular response was the creation of 'better community relations' (78%), and the third that social value leads to 'better service delivery' (71%). Seeking to deliver social value was seen as 'creating opportunities for innovation' by 70% of respondents, with local authorities more likely to recognise this (79% compared to 64%). Significantly, over half of respondents (52%) said delivering social value leads to cost savings.

Local authorities are currently more likely than housing associations to recognise the potential

Figure 4: Is social value a consideration for all the services your organisation procures?



Case study: *Social value throughout: Rhondda Housing Association, Tonypandy*

Whether it's procuring a large construction project or finding a contractor to print the latest company newsletter, social value is woven through how Rhondda Housing Association operates.

The housing association – which owns 1550 properties across South Wales – worked with its communities to identify key issues that were important to them such as service affordability, providing opportunity and employment for others, and promoting health and wellbeing. Any contractor wishing to partner with Rhondda must demonstrate it can meet some, if not all, of these criteria.

This work has led to involvement in a far broader range of activities beyond housing such as employment and training, education, volunteering, community involvement, tenant and residents groups, community ecological gardens, work with the elderly and community events.

From a procurement perspective, social value is applied across the terms of all contracts regardless of size. Social value approaches

include work placements, training opportunities, in-kind services and the donations of goods or money.

Rhondda is also involved in supporting tenants who are social entrepreneurs. Indeed, one such tenant has recently received funding to attend basic computer classes in order to set up the Phoenix Initiative CIC – a social enterprise providing IT services to vulnerable groups across South Wales and the Valleys.



Learning points:

- Consulting communities is key: employment is not the only priority when asked
- Social value can be applied to **all** procurement contracts (scale is not a barrier)
- Tenant-led social enterprises help the tenants as well as those they provide services to

Figure 5: What are the wider benefits from taking a social value approach?

Improving people's lives

- Increases the wellbeing and quality of life of tenants and residents: a direct impact on people's lives.
- Drives confidence across the community
- Creates direct resident involvement in areas which have a direct impact on them.
- Buying local gives the added value of contractors reporting back on wellbeing of tenants and builds up trust.
- Improves the links with residents.
- Increases aspirations for tenants and residents.
- Multi-agency working means less opportunity to miss vulnerable cases.
- Creates a stronger community helps us deliver all services more effectively.

Driving internal innovation

- Has started to change the mindsets of how services can be delivered.
- Makes people question what is the best use of local council taxpayers' money.
- Allows for a more thorough investigation of the options available leading to more innovative responses (not solely based on price).
- Leads to better understanding of other organisations' priorities, and where priorities meet.
- Increases internal staff motivation and job satisfaction.

Creating economic and business benefits

- Increases business opportunities.
- Keeps council spend in the local economy, delivering local jobs for local people.
- Strengthens sustainability of neighbourhoods by encouraging economic growth.
- Makes cost savings in some areas.
- Offers the potential for attracting external funding.
- Social enterprises allow for greater flexibility, can work outside of council structures.
- Helps sustainability of tenancies - employment for tenants' means more stable rent payments.

for social value to deliver both innovation opportunities and cost savings. This may reflect their straitened economic circumstances and growing realisation that innovation and service transformation is a critical requirement for sustaining service delivery levels and financial strength in the long-term¹¹.

Other elements of the wider benefits highlighted by respondents as being provided through the delivery of social value are shown in Figure 5, above.

2.3 Barriers to integration

The findings reported above clearly demonstrate that integrating social value can bring a wide range of benefits to the commissioning agencies

and the localities they operate in. There are however, still barriers to integration, particularly in procurement. The biggest barriers are defining social value and the connected challenge of measuring social value at all stages of the commissioning process (including contract management).

Over a third (37%) of respondents acknowledged difficulty in defining social value. This is a greater issue for local authorities (43% compared to 33% for housing associations), which may reflect the greater breadth and complexity of service areas they cover.

28% of respondents said they have difficulty considering social value with anything beyond

¹¹ See *Future Funding Outlook for Councils 2011/12 - 2019/20* (LGA, July 2013); http://www.local.gov.uk/web/guest/finance/-/journal_content/56/10180/4057616/ARTICLE

what is required in the Public Service (Social Value) Act¹². This included responses from organisations which only procure services on a small scale and so found some difficulty applying social value to relatively small contracts, despite the guidance from central government which seeks to encourage this¹³.

90% of organisations also identified other challenges in considering social value within procurement and a range of overlapping concerns were identified:

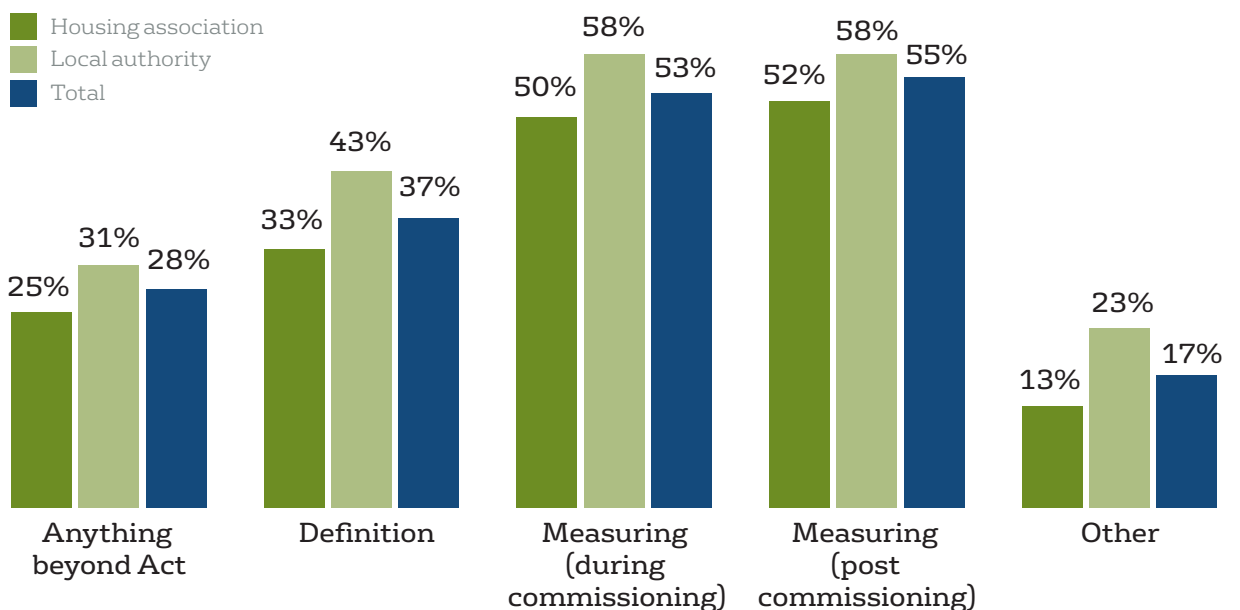
- Embedding social value into everyday procurement practices;
- Difficulty in following up what was being done by contractors post-award;
- Concern in understanding any additional costs of embedding social value within contracts;
- Getting internal buy-in to pursue the creation of social value;
- Getting external buy-in from agencies and all partners;
- Getting contract bidders to appreciate what is meant by social value;

- The risk of conflict between social value and EU procurement rules;
- Lack of definition within the Social Value Act;
- Making it a prime consideration in procurement, not just a 'tick box';
- The potential 'Value for Money' conflict created by pursuing social value against establishing the best price for a contract.

This is an interesting mix of challenges which highlights the need for cross-sector working. This includes operational processes, internal education and understanding, governmental legislation and guidance. The need to work with partners and contractors on their current level of understanding and in the longer-term. Improving contract management to realise social value also emerges as an area that requires more detailed focus.

There are also some myths evident in the concerns above which need to be clarified. EU procurement rules are increasingly supportive of achieving social value within procurement, rather than the opposite. Social value can save costs as well as add to them.

Figure 6: When considering social value in procurement, what are the main challenges?



12 The Act currently applies only above EU thresholds for central and local government - at time of writing, these are: £111,676 (central) and £172,514 (local / other).

13 "Although these contracts are not covered under the Act commissioners, as a matter of good practice, could consider economic, social and environmental well being in order to obtain maximum value for money. This may be particularly relevant in lower value contracts where services for citizens (such as welfare, social and health services) are being commissioned and procured." (Cabinet Office Procurement Policy Note - <https://www.gov.uk/government/publications/procurement-policy-note-10-12-the-public-services-social-value-act-2012>)

2.4 Integration and the Social Value Act

Some of these barriers to integration relate to the Social Value Act itself and interpretations of it. When asked about whether the Act had helped support integration (and overcome barriers), 56% of respondents said it had had a 'fairly low', or 'very low' impact on integrating social value in their commissioning and procurement processes: by far the most popular reason given for this was that organisations were already doing so (54 respondents). A further 19 organisations reported that the impact had been low because it is still too early to judge. They have not been through any major procurement processes since the Act has come into place.

As with creating purpose and definition internally, the Act has led to some impact on this process of integration in a significant minority of organisations. The reasons given included:

- giving greater weight to social value in discussion with suppliers
- opening up opportunities in procurement
- helping grow the marketplace and better, targeted recruitment and training
- making social value something more than merely a desirable outcome
- providing the platform for debates, discussions and partnerships
- helping embed social value within the organisation.

2.5 Integrating tenants, residents and other stakeholders

A further key aspect of integration is involving tenants, residents and other stakeholders in the design and delivery of projects that create social value. Over half of all respondents manage initiatives to engage tenants or residents in social enterprise, which suggests that a social value approach is part of the everyday operation of many local authorities and housing associations.

As the Act says, the consideration of social value should be at the 'pre-procurement' stage, and this early engagement and involvement of key

stakeholders, regardless of whether they are local community groups, charities, social enterprises or individual residents, is critical to achieving the right outcomes for all.

2.6 Conclusions

The research shows that **60% of local authorities and housing associations are considering social value in procuring all services**, but there is still work to do on improving processes and sharing good practice.

Integration of **social value across services is delivering a wide range of benefits** to both housing associations and local authorities. These range from better community relations to improved service delivery. Local authorities are particularly recognising the potential for innovation and cost savings that come from integrating social value.

The main barriers to integration are difficulties in defining social value and, most noticeably, **difficulties in measuring social value** both at the point of commissioning and in managing the contract afterwards.

The Public Services (Social Value) Act has had limited direct impact on procurement to date; for some, it is too early to tell; for others, it reinforced existing practice; and for some, it requires more guidance and definition to realise its potential.

Recommendations

- 3) Use social value as an approach or route to **identify innovation and cost savings**, as well as the creation of positive social outcomes
- 4) **Integrate social value across all services**, goods and works, regardless of contract size, to maximise the benefits
- 5) **Learn from others** - both housing associations and local authorities have colleagues and peers who are pioneering approaches and realising the potential of social value; organisations of all sizes and scales can seize the opportunity

Case study: *Everyone in the loop: Circle Housing, London*

Circle Housing's mission is to enhance the life chances of its customers, through helping people to be more independent and financially resilient. In order to ensure that all contracts deliver social value and contribute towards achieving this mission, Circle have a centralised 'Sustainable Communities Team' who work closely with the procurement team.

This structure has helped pioneer social value integration in a number of areas, including:

- **Engaging with Residents.** Circle's repairs and maintenance service procurement engaged customers across its design to ensure that the service was fit for purpose, and that contractors were creating suitable employment and training opportunities. The procurement will deliver £120million of savings over 10 years.
- **Strengthening Supply Chains.** Circle's Enabling Enterprise programme supports the creation of enterprises that can deliver their services and mission. Over the next 10 years, this will generate

500 apprenticeships, 309 work placements and 166 volunteering opportunities with a projected Social Return on Investment (SROI) of £6.8million.

It has also generated a range of other business benefits:

- Creation of local jobs and training opportunities in SMEs has helped financially, as residents in work are more likely to pay their rent
- SMEs delivering core services has reduced risks and strengthened their supply chain
- Approach has enhanced employee engagement levels and supported Circle's talent management strategy



Learning points:

- Engaging residents in design can create cost savings, not create more cost
- A social value forecast provides direction and targets to be measured against
- Social value creates benefits: including employee engagement and strong supply chains

3.0

Deliver through partnership

This section looks in turn at how local authorities and housing associations are:

- *working through **partnerships** to deliver social value*
 - *partnering with the **private sector** on social value work*
 - *finding **benefits** from effective partnerships*
 - *realising the potential of **social enterprise***
-

The third step to unlocking social value is **delivery through partnership**; here the research looks at the importance of partnerships and the benefits they bring, particularly those that are cross-sector and long-term in nature.

It showcases the potential for social enterprises and the broader social sector as an important partner, but also the growing role of the private sector in creating social value where supply chains become as critical as direct delivery.



3.1 Partnerships at work

The research shows that working in partnership, whether that is with the public, private or third sector, is increasingly important for designing and delivering social value. It also demonstrates that there is a clear role for local authorities and housing associations to inform and influence other organisations with whom they work as partners.

80% of housing associations and local authorities are currently involved in some form of partnership to create social value: over 90% have partnered with either public or third sector organisations and 75% have partnered with organisations from the private sector. It is worth noting that private sector partnerships are currently less common in housing associations (69%) than local authorities (85%).

In regard to public sector partnerships, the most common examples given were partnerships with neighbouring councils or housing associations, but organisations were also working with other public sector agencies, particularly the police and different parts of the NHS.

Partnerships are also helping to deliver a wide range of 'social value' initiatives such as:

- youth engagement schemes
- safer and anti-social behaviour projects
- debt advice and welfare assistance (for tenants)

- skill development programmes (training, volunteering, further education)
- health and social care schemes (healthy living, nutrition advice, fitness)
- the development of community centres and 'hubs'.

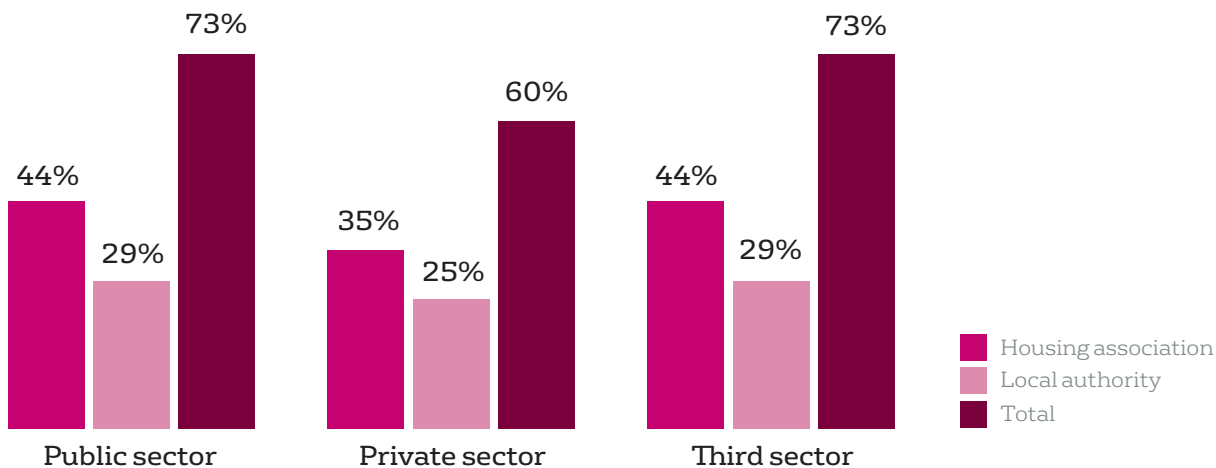
3.2 Partnership and the private sector

Partnerships to deliver such projects increasingly involve the private sector, with respondents reporting that work with the private sector tended to have a greater business and/or employment focus. Examples included:

- delivering social enterprise assistance programmes
- increasing the capacity of local SMEs to become part of the supply chain
- creation of apprenticeships
- providing business support and start up advice
- advice to organisations in regard to social value, social enterprise and innovation
- providing sponsorship for social value schemes.

This activity is encouraging, as it indicates that different sectors are bringing complementary skills to partnerships. In this case, the private sector is utilising its core competencies and

Figure 7: What kinds of organisations do you partner with?



Case study: ***Better value together: STaR Procurement Service***

Started in December 2013, the STaR Procurement Service is a joint venture between Stockport, Trafford and Rochdale Metropolitan Borough Councils to drive greater value for money across their commissioning activities. As well as efficiency savings, the venture presents an opportunity to leverage existing partnerships in order to deliver greater social value. The partnership documents link social value directly to cost savings and innovation:

“Demand for core public services will increase significantly over the next few years in a time of reduced funding. Increasingly, local authorities will need to identify better targeted, more innovative and radical service delivery solutions to meet this demand.”

Though only a few months in place, STaR have already started to work with The Trafford Partnership

(which brings together more than 100 organisations including local and regional partners from across the public, private, voluntary and community sectors) to look at ways of making it more responsive to local needs and build on respective strengths across sectors.

STaR have also begun to work in conjunction with others, such as CITB (Construction Industry Training Board) to ensure the provision of apprentice places on a construction contract in Stockport, and to have arrangements in place with other contractors if and when the contract ends. By collaborating as three councils, they expect to achieve a significantly higher completion rate on apprenticeships.

Learning points:

- Social value can be central to tackling the long-term challenges of local government
 - Councils can be more effective together, and in working with existing partnerships
 - Partners can bring complementary strengths to the table and support shared objectives
-

Case study: *Partnership innovation: North Star Housing Group, Stockton-on-Tees*

A provider of housing and services to people with a range of needs across the North East of England, North Star Housing are looking to embed social value across their procurement, both to deliver more social value and help them buy quality products and services at a good price.

For North Star, partnering with private sector suppliers is an important step in achieving this aim. For example, the business will soon



be asking their contractors to commit themselves to provide social value to a monetary value of 0.25% - 1% of the total cost of any contract.

North Star has also worked in partnership with the Greggs Foundation to run breakfast clubs for primary school children. They involved their staff as volunteers and provided resources to improve the quality of life for young families.

Taking an innovative approach, North Star has also been proactive in partnering with tenants. For example, a local resident proposed that a house owned by the group could be used to provide meals in the school holidays for children who receive free school meals in term time. This subsequently developed into offering meals for older people in the evenings. Significant social value was created for the local community.

Through supporting the creation of a social enterprise to acquire empty council houses, North Star has also helped to improve the local housing stock, empower the community and improve the appearance of the area.

Learning points:

- The private sector is a key social value partner: as both supplier and supporter.
 - Encouraging enterprise amongst tenants can make best use of unused assets.
 - Social enterprise can be a vehicle for community regeneration.
-

Figure 8: How satisfied are you that these partnerships have helped deliver social value? (total number of respondents)

Types of organisation / partnership	Very satisfied	Satisfied	Dis-satisfied	Very dis-satisfied	Don't know
Public	1	4			1
Private	1	2			
Third	3	1	1		1
Public & private	2	2			1
Public & third	15	13			
Private & third	4	1			
All 3 (Public sector, private, third)	51	55			

strengths: business skills and advice, access to supply chains and employment pathways to create more effective delivery and value creation. There is significant potential for housing associations and local authorities to engage their private sector supplier base in delivering these kinds of outcomes and helping them meet their local social value objectives.

3.3 Partnership effectiveness

Partnership is an overused word in this field – so the research asked specifically which partnerships are most effective, and what benefits accrue from them.

97% of respondents said that they were satisfied with the effectiveness of their partnerships and, notably, respondents tended to be more satisfied if they partnered with a mix of different sectors rather than just one. Both findings support the view that partnerships help deliver social value effectively, and that private, public and third sectors have much to gain from working together.

The types of benefits and gains to be had from partnership working can be gleaned from some of the comments made by respondents.

- *“Partnerships provide a way of enabling things to be done resource-wise which would not have been done otherwise.”*

- *“You get better outcomes if you work jointly. Partnerships give greater strength and can create more value.”*
- *“Shared services with local authorities help save costs and improve services.”*
- *“Social value is better delivered through partnership with external organisations rather than through direct procurement activities.”*
- *“Multiagency working means less opportunity to miss vulnerable cases.”*

The first and last comments here are particularly illuminating as they indicate both sides of the partnership coin. On the one hand, a competitive opportunity to make cost savings through a better use of resources and, on the other, the collaborative potential for cross-organisational partnerships to effectively support the most vulnerable.

3.4 The potential of social enterprise

This research also shows the potential of social enterprises as key partners in delivering social value; this can be as providers of services within the supply chain or as creators of employment opportunities in partnership with other agencies.

Case study: *Enterprising approach: CleanStart, Trafford*

CleanStart is a 'clean and clear' social enterprise set up by Trafford Housing Trust in 2008, which employs ex-offenders from the local community to carry out void clearance and maintenance. It was established because of recurring crime in the community and the associated need to provide different paths for repeat offenders, also known as Priority Prolific Offenders (PPOs). CleanStart employs and trains ex-offenders in order that they can be economically active, whilst also delivering a core service for its parent housing association.

The enterprise works in close partnership with key local agencies, including Job Centre Plus and Greater Manchester Police, as well as procurement agencies, probation services and employers. It has also developed a partnership with HMP Styal women's prison, offering training and jobs. This multi-partnership work has been critical to the scheme's success so far. Receiving vocational and pastoral support is also critical to the overall success that the PPOs achieve. It facilitates their rehabilitation and empowers them to secure permanent employment.

Over 40 ex-offenders have now been through the CleanStart programme – 22 are in permanent employment, and only 4 (less than 10%) have re-offended. The police have estimated that the reduced re-offending rates and criminal justice cost savings could already total £10m.

Behind those statistics lie stories like that of 22-year-old Michael Gilmore. He enrolled with CleanStart after serving 16 months for robbery offences. After completing nine months on the programme, he now has a full-time job as an apprentice plasterer. *"When I came out of prison, I didn't know what I was going to do. CleanStart really sorted my head out: it gave me structure, and somewhere to be every day, instead of sitting around bored with nothing to do. I now look back on my time in prison and it almost seems like it happened to a different person".*



Learning points:

- Social value can align core business needs with addressing key community challenges.
 - Working in partnership achieves buy-in, but also helps realise cross-agency savings.
 - Social value applies to all public sector spend, including the police and probation service.
-

41% of respondents to the survey had been involved in social enterprise development schemes, with activity in this area higher among housing associations (47% have set one up). Interestingly, while a third of organisations (33%) have helped set up one social enterprise, almost as many (27%) have helped set up over five or more. The types of social enterprise established are varied and range from debt advice through to music tuition, construction, energy efficiency – and a radio station. Overall satisfaction with social enterprises as a means of delivering social value was also very high at 90%.

A significant sub-section of this social enterprise activity focuses on tenant and resident engagement: over half of all respondents manage initiatives to actively engage tenants or residents in social enterprise, with such activity unsurprisingly far higher for housing associations than local authorities (63% compared to 36%). Many of these are programmes involving residents in training, volunteering or work within social enterprises, but just as common are schemes to support residents setting up their own social enterprise.

This involvement also relates closely to the discussions on integration in sections 2.2 and 2.5. Value comes from partnership and engagement in all parts of the process – defining priorities, designing services and processes, and delivering on the ground.

3.5 Developing partnerships

The importance of partnerships may explain why there was significant demand for advice and guidance around developing partnerships with other organisations, for supply chain and procurement partnership work, and for getting involved in social enterprise activity.

Moreover, there is the potential for intermediary and brokerage organisations who can help with ‘match-making’ activities, events that bring different sectors together, practical supply chain / procurement guidance and programmes that purposefully seek to create cross-sector partnerships¹⁴.

3.6 Conclusions

The research supports the idea that **partnership is key to delivering social value**: 80% of housing associations and local authorities are partnering with other organisations to create social value with a wide range of approaches and initiatives.

The private sector is an important partner, bringing strengths and competencies to cross-sector social value work. More housing associations could partner with the private sector, particularly to realise social value through their supply chain.

Multi-sector partnerships can be effective in creating social value, and bring a myriad of benefits: savings, service improvements, better outcomes and work that simply would not happen otherwise. These are best when complementary strengths and skills are brought to the table and there is a balance of competitive efficiency with collaborative working.

Social enterprise has a significant role to play in social value partnerships – particularly with regards to tenant and resident involvement, employment pathways and business start-ups.

Recommendations

- 6) **Find and work with the right partners** to achieve shared priorities and outcomes, regardless of the sector
- 7) **Work with social enterprise** as a route to social value through start-up, employment, supply chain and innovation.
- 8) **Manage supplier relationships** once the contract has been let; a clear approach is needed to ensure social value initiatives are implemented, reviewed and reported on – and to demonstrate partnerships are effective.

¹⁴ SEUK's Health and Social Value programme is one such example: <http://www.socialenterprise.org.uk/about/about-us/our-projects/delivering-social-value>

4.0

Measure the difference

This section looks in turn at how local authorities and housing associations are:

- *selecting and implementing measurement **methods***
 - *developing measurement in line with their **definition***
 - *driving measurement through **leadership***
 - *seeking **guidance** on measurement as a top priority*
-

Measurement of social value remains a critical challenge for both housing associations and local authorities – both during and after commissioning.

This research finds that almost all local authorities and housing associations have identified particular challenges which they face in this area. The data makes clear that this is the area of most pressing need for practical advice and guidance.



4.1 Measuring methods

In spite of the difficulties in measuring social value, a good proportion of local authorities and housing associations already have a method of measuring social value, or are working towards it. This includes both recognised methodologies and also bespoke methods and tools.

Larger housing associations were more likely to have measurement methods in place – 47% confirmed they did, with 44% definitely working towards it. In contrast, just 14% of housing associations with 1-499 properties had a measurement method in place and there is a similar, if less stark, trend amongst smaller local authority respondents.

This demonstrates one of the key challenges with measuring social value. It can require resources and capacity to implement. There is a widely held perception that measuring social impact can be too complex and costly for smaller organisations. This misconception is as true for charities and social enterprises as it is for these smaller housing associations.

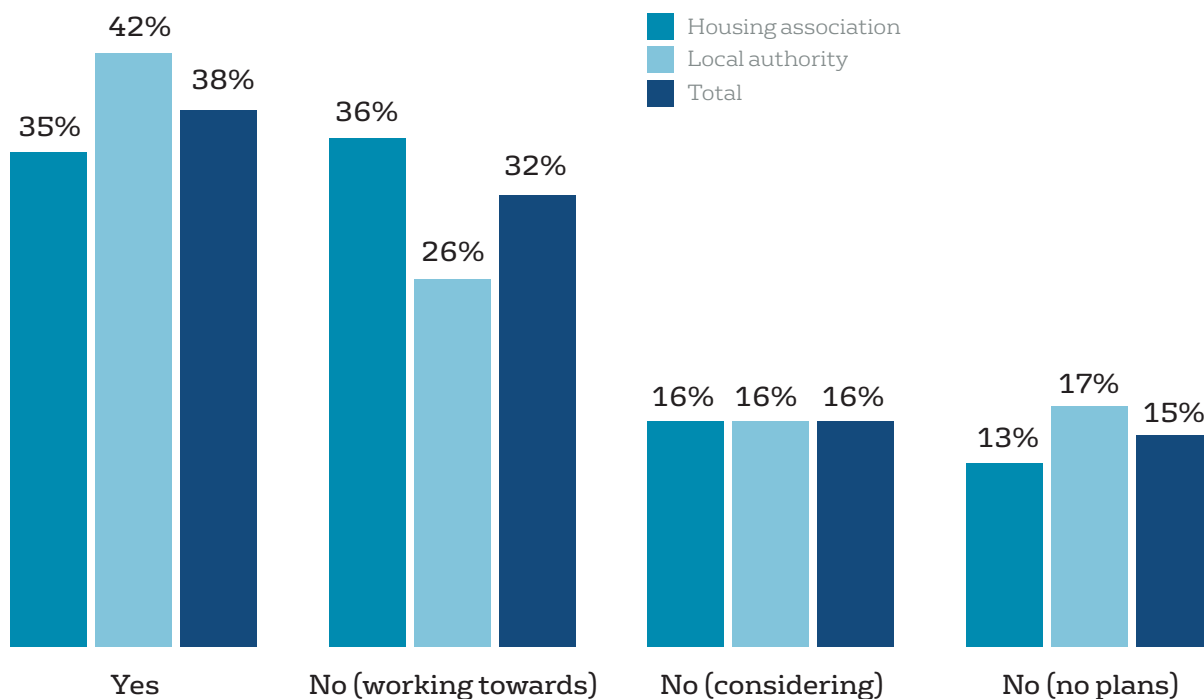
The current most commonly used of measurement approaches include Social Return on Investment (SROI)¹⁵, HACT’s Wellbeing Valuation approach¹⁶ and external auditors. There are several examples of organisations creating bespoke measurement methods or toolkits. Multiple approaches, demonstrate the need to share good practice in order to avoid reinvention and duplication.

Some organisations are using a simpler approach which focuses on specific outcomes within contracts (eg. number of jobs), or fitting them within existing organisational KPIs, rather than anything more holistic.

4.2 Measurement flows from definition

This research also sought to investigate the extent to which organisations who had defined social value and had written policies were those who subsequently implemented methods for measuring the social value of those policies..

Figure 9: Do you have a method for measuring social value?



15 www.thesroinetwork.org

16 www.hact.org.uk/measuring-social-impact-community-investment-guide-using-wellbeing-valuation-approach

Case study: *Establishing impact measurement: Alliance Homes, Bristol*

Established in 2006 and providing housing and housing-related support to around 12,000 people in the West of England. Since becoming a social enterprise, Alliance has focused increasingly on improving the lives of their tenants and the local community alongside the core business of housing.

In March 2014, Alliance produced a guide to measuring social value which proposed a *'more disciplined approach'* to assist the measurement of impacts achieved. The guide covers several areas including the themes for informing the assessment of social value such as employment and apprenticeship creation, training & capacity building, or community safety and cohesion.

Alliance have also developed an Impact Assessment Matrix for completion for each proposed or existing initiative that is being considered, supported by an Impact Assessment Panel containing members of different teams from across the group.

This process is in its earliest stages, but aims to ensure that social value is at the heart of everything done across the group, that it is integrated into different parts of the organisation, and that measurement is truly used to prove and improve new and existing service delivery.



Learning points:

- Internal communication of measurement approaches is important.
- Embedding measurement in the day-to-day process helps inform decision-making.
- Bringing together teams from across an organisation fosters collective understanding.

Figure 10: Does your organisation have a method for measuring social value? (for organisations with and without a social value policy)

		Does your organisation have a written social value policy?					Total respondents
		Yes	No (working towards)	No (considering)	No (no plans)	Don't know	
Do you have a method for measuring social value?	Yes	59%	19%	16%	3%	4%	75
	No (working towards)	30%	41%	23%	5%	2%	64
	No (considering)	31%	6%	41%	22%	-	32
	No (no plans)	3%	7%	38%	48%	3%	29

As can be seen, there is a strong correlation between those organisations which have a written social value policy, and those who have a method for measuring social value. Almost 60% of those with a measurement method in place have a policy defining social value, with a further 19% working towards it. Of those with no current plans to introduce a method for measuring, 97% have no current policy in place, and almost half (48%) have no current plans to do so.

In short, it is clear that initially defining and clarifying intent are critical to effect/facilitate delivery and meaningful future measurement.

If an organisation doesn't know what it is trying to achieve or what its social value priorities are, delivery will be chaotic. Measurement will be difficult to organise and co-ordinate effectively. The business saying is that "what doesn't get measured doesn't get managed". With social value, we can similarly say "what doesn't get defined, doesn't get measured".

4.3 Measurement is driven by leadership

Further analysis of the data shows that there is also a significant correlation between those organisations who have an appointed lead on social value and those who have a method in place for measuring social value.

As can be seen, 76% of those organisations which have a method for measuring social value also have an appointed lead in place. They are way ahead of those with no lead at all. Similarly, at the other end of the spectrum, 66% of those with no current plans to introduce a method for measuring social value have no lead within their organisation.

Some of this correlation may be due to scale and resource (i.e. organisations which have the resources and capacity to dedicate someone to this may also have resources and capacity to devote to measurement. This trend is not only found in smaller housing associations and local authorities. It reinforces the findings from section 2 on the importance of leadership to drive this agenda internally.

Case study: *Quantifying social value: South Cambridgeshire District Council*

When it comes to social value, South Cambridgeshire District Council means business. With senior level buy-in to the benefit of a social value approach, the Council is now on a mission to ensure that such an approach can be monitored, measured and evaluated.

Contracts are awarded according to their 'value for money' in terms of cost, environmental benefit, service quality and socio-economic benefit. Contractors agree to deliver social value to specific priorities through, for example, creating employment opportunities or improving the environment.

A major challenge for many commissioners is to translate these intentions into delivery. South Cambridgeshire have ensured

that contract managers are also up to speed with the social value deliverables and that they are enforcing these through regular service reviews that form part of the day-to-day contract management.

These deliverables are then linked to the overall objectives of the Council which each have agreed outcomes. For example, in one repairs contract, "better community relations" involves the contractor providing free labour to community projects, whilst "opportunity for innovation" involves a vehicle tracking system which improves response times and lowers environmental impact.

Learning points:

- Service quality is as important as economic, social and environmental considerations.
 - Giving specific areas in contracts results in more comparable tenders from contractors.
 - A focus on contract management and direct links to overall objectives supports delivery.
-

Figure 11: Does having a nominated lead make measurement of social value more likely?

		Do you have an appointed lead for social value?					Total respondents
Do you have a method for measuring social value?		Yes	No (working towards)	No (considering)	No (no plans)	Don't know	
	Yes	76%	4%	4%	15%	1%	75
	No (working towards)	61%	5%	19%	14%	2%	64
	No (considering)	53%	3%	22%	22%	-	32
	No (no plans)	24%	-	10%	66%	-	29

4.4 Guidance is needed: consistency and proportionality

61% of respondents said that they would like further guidance on 'social value measurement', highlighting that this is the priority area of interest and need. The responses highlighted some elements of measuring social value to focus on:

- achieving greater **consistency and consensus** between housing associations and local authorities, through sharing good practice, joint training, and advice provision
- ensuring measurement requirements (at the start and during a contract) are **proportionate and effective** for both provider and commissioner.

As one respondent put it in relation to the latter point, *"The method for checking and measuring the social value within a contract should not be too onerous, and should be proportional to its overall financial value and to the nature and extent of the social value to be delivered"*.

These challenges are not unique to housing associations and local authorities. There are a number of approaches and initiatives¹⁷ in both the social sector and the private sector which are seeking to address the same issues. More work could be done to provide effective and mutual access to cross-sector initiatives. This would ensure coordinated effort and the best use of resources.

¹⁷ See Inspiring Impact (www.inspiringimpact.org), Global Value Exchange (www.globalvaluexchange.org) and Big Society Capital's Outcomes Matrix (www.bigsocietycapital.com/outcomes-matrix), for example

A clear process and defined priorities lead to better measurement and greater effectiveness.

4.5 Conclusions

38% of local authorities and housing associations have a method in place for measuring social value, with a further 32% currently working towards it. This still leaves **almost a third (30%) yet to engage in measuring social value**, amongst both groups.

There are plenty of great examples. Some methods are used consistently, but there is also a lot of bespoke activity and designs from scratch. **Co-ordinated approaches to sharing good practice**, tools and frameworks will avoid reinvention and duplication.

Measurement is more likely to be developed and implemented if a **social value policy and internal leadership** is in place, both in housing associations and local authorities. A clear process and defined priorities lead to better measurement and greater effectiveness.

Respondents believe that the two key measurement challenges are **building consistency of approach**, and **ensuring proportionality** for provider and commissioner.

Recommendations

- 9) **Measure the social value being created**: all housing associations and local authorities can. There are plenty of examples to learn from.
- 10) **Be proportionate** - measurement is intended to help prove what positive change is happening and to continuously improve that process, not to become an industry or an end in itself.

5.0

Recommendations

The report makes a number of recommendations for housing associations and local authorities, which are divided here by the four key areas to unlocking social value:

Define the vision

- 1) Organisations should **prepare and adopt a social value policy** in their locality to give people a framework and shared understanding; this is best done in partnership, and either annually or on a three-year cycle.
- 2) **Appoint a nominated lead**: because commissioning for social value requires culture change, internal communication and someone to drive the process.

Integrate across the business

- 3) Use social value as an approach or way in to **identifying innovation and cost savings**, as well as the creation of positive social outcomes.
- 4) **Integrate social value across all services**, goods and works, regardless of contract size, to maximise the benefits.
- 5) **Learn from others** – both housing associations and local authorities have colleagues and peers who are pioneering approaches and realising the potential of social value; organisations of all sizes and scales can seize the opportunity.

Deliver through partnership

- 6) **Find and work with the right partners** to achieve shared priorities and outcomes, regardless of the sector.
- 7) **Work with social enterprise** as a route to social value through start-up, employment, supply chain and innovation.
- 8) **Manage supplier relationships** once the contract has been let; a clear approach is needed to ensure social value initiatives are implemented, reviewed and reported on – and to demonstrate partnerships are effective.

Measure the difference

- 9) **Measure the social value being created:** all housing associations and local authorities can and there are plenty of examples to learn from and imitate.
- 10) **Be proportionate** – measurement is to help prove what positive change is happening, and to improve that process, not to become an industry or an end in itself.

Further recommendations for government and sector bodies

- 1) The private, public and third sectors should work together to **develop a net promoter-type social value measure** to help mainstream the concept.
 - 2) Government should give **clearer guidance from the centre** around what is legally possible (and good practice) in regard to the Public Services (Social Value) Act and how this relates to other UK and EU procurement legislation.
 - 3) **The Act should be extended** in the next Parliament to goods and works, planning, and disposal of assets. It needs more teeth. Social value should be an obligation in commissioning, not a consideration.
 - 4) Umbrella bodies from housing, local authority and third sectors should work in partnership to create **centres of good social value practice:** sharing examples, information and template documents in a more co-ordinated manner.
 - 15) A cross-sector group of organisations should seek to **develop 'proportionality standards'** alongside reporting principles, to assist in standardising measurement.
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6.0

Conclusion

Communities Count: the Four Steps to Unlocking Social Value is itself the first step in a broader programme of work by the partners involved. By commissioning such an extensive quantitative and qualitative survey, we have established an evidence base and identified key areas to address that will form the basis of practical work by ourselves and others.

Key areas to address include:

- **The need to think beyond employment; particularly to health and environment.**
Employment is undeniably crucial right now and is connected to lots of other positive social outcomes (health, wellbeing, community relations, local economy etc). However, as this report has demonstrated employment does not equal social value. Organisations that fail to see this are missing out on the myriad other positive outcomes that can be achieved.
 - ➔ *SEUK will share good practice examples via a forthcoming online social value hub.*
- **The need for central guidance to work with local priority-setting and implementation**
There is a clear need for greater central guidance around some of the recurring challenges of social value such as measurement and legal procurement issues.
 - ➔ *SEUK and CIH will work together to disseminate clear guidance on the Act and what is possible to their respective memberships and networks.*
 - ➔ *Orbit Group will work with partners to create a practical procurement guide to social value for housing associations.*
 - ➔ *SEUK and PwC will work together on proportionality standards and measurement advice.*
- **The need to bring sectors together; at all stages of the process.**
The research data supports the need for partnership and stakeholder involvement at all stages of the process: in agreeing the overall policy and priorities; in design at pre-procurement; in delivery through partnership.

Activities to help facilitate this joint sector working on the ground in local areas should be pursued and supported.

➔ *Wates Group and PwC will lead opportunities for consultation, engagement and convening interested parties.*

- **The need for long-term thinking; particularly around partnerships.**

The current challenges across the housing and local authority sector are long term and often deeply entrenched. These will not be solved through short-term thinking and actions. Increasingly, partners from all sectors have equally vested interests in ensuring these challenges are met, and this is ripe for exploration through pilots on the ground.

➔ *Wates Group and partners will identify suitable sites for a practical social value pilot project, implementing the recommendations of this report.*

➔ *SEUK and PwC will commit to a social value tracker, updating this survey on an annual basis.*

There is a challenge ahead: social value is still a new concept to many, and often seems difficult to define and deliver. But its potential to meet the problems we currently face is huge, and that potential will only be realised if we become more indifferent to sector and organisational boundaries, and unlock the social value that can be achieved through working together.

We are committed to moving from research into action in partnership – join us and work with us on the next step of the journey.

Methodology

The **Four Steps to Unlocking Social Value** research was commissioned by Social Enterprise UK in partnership with the Chartered Institute of Housing, PwC, Wates Group and Orbit Group in 2014.

Viewpoint Research CIC was contracted to carry out the research with a view to gathering robust, policy-rich and practically useful information on the extent to which housing associations and local authorities are looking to create social value and how they are using social enterprises in order to achieve this.

A total of 77 local authorities and 123 housing associations completed questionnaires by telephone.

Process

An initial questionnaire featuring both quantitative and qualitative questions was designed after input from all partners on the aims and purposes of the research.

The initial sampling frame was compiled using lists of housing association contacts sourced from the National Housing Federation and lists of local authority contacts sourced from GovEval. There were 1829 contacts in total representing around 300 organisations.

Data collection phase

An introductory email explaining the remit of the research was sent out by the research company to all contacts. Responses to this email were followed up and contacted by telephone to set an appointment for a telephone interview. This process was repeated after a two-week period.

In a very small number of cases, participants requested an electronic copy of the questionnaire which they completed and returned by email. For some organisations it was necessary to speak to more than one person to complete the questionnaire.

This methodology resulted in the completion of 200 questionnaires and 10 in-depth interviews. These produced longer versions of the case studies featured in this report.

Literature review and roundtables

To capture their real-life experience, the final research report supplemented this data by looking at existing literature in the field and from roundtable conversations with partners, small numbers of housing associations and social enterprises.



Social Enterprise UK run the **Buy Social** campaign to encourage organisations from the private, public and social sectors to create social value in their supply chain through buying from social enterprises. For example, Wates Group have set themselves a target of spending £5m with social enterprise suppliers across their sites by 2015.

To learn more about the campaign, see www.buysocial.org.uk

To find a social enterprise supplier, see www.buysocialdirectory.org.uk

This report has involved the following social enterprise suppliers:

Viewpoint Research CIC – Viewpoint is a social enterprise which offers high quality research service delivered in an innovative way – by employing people removed from the job market such as the long term unemployed or those with a disability.

Viewpoint started trading in 2006 in Sheffield with two research assistants and have now built up a team of 16. In 2009, Viewpoint opened a second office in Leeds, where we employ a team of blind and partially sighted research assistants. In 2012, this was followed by a third office in Doncaster to create employment opportunities in and around the town.

Viewpoint were commissioned to design and undertake the research for this report and analyse the data, after a competitive tendering process.

www.viewpoint-research.co.uk

Poached Creative – Poached Creative is a social enterprise communications agency which puts creative communications jobs within reach for people disadvantaged from the labour market or currently unemployed. Through working as part of the creative team on writing and design projects, individuals gain the skills, experience and confidence to help them back into employment.

Poached's recent clients include NHS England, Plan UK, Hackney Council, NHS Employers, Peabody, and the City of London.

This report was designed by Poached Creative.

www.poachedcreative.com

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Our members come from across the social enterprise movement – from local grassroots organisations to multi-million pound businesses, as well as the private and public sectors.

Together with our members we are the voice for social enterprise. Join us today to be part of the movement.

We believe that social enterprise is our best chance of creating a fairer world and protecting the planet.

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Chartered Institute of Housing: www.cih.org

Orbit Group: www.orbit.org.uk

PwC: www.pwc.co.uk

Wates Group: www.wates.co.uk



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