

**SOCIAL
ENTERPRISE
UK**

**THE
FUTURE OF
SOCIAL VALUE**

A report from the
Social Value Summit 2014

supported by:

LANDMARC

Landmarc Support Services Limited ('Landmarc') is a joint venture of Interserve and PAE, and has become the international provider of choice for integrated training and sustainable infrastructure support solutions. This includes consultancy, design, management and operation of training areas and ranges; explosives safety; built and rural estate management, including environmental and conservation support; information management and administration services; project management and commercial property management.

Since 2003, Landmarc has provided support services to the Defence Infrastructure Organisation (DIO). The organisation has 1,300 staff that support DIO SD Training to enable safe, sustainable and effective military training across 120 camps in England, Scotland and Wales over 500,000 acres. The main services Landmarc provides to DIO SD Training are; built and rural estate management, bookings, administration and information management, and management of catering services, energy and waste.

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Landmarc has worked hard to make social value a strong part of the organisation's make-up, in addition to generating a financial return for its shareholders. Its pioneering Total Contribution report, The Landmarc Difference, can be downloaded from its website:

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

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

www.socialenterprise.org.uk



INTRODUCTION: the Social Value Summit

This report has been produced from the discussions and workshops at the Social Value Summit, co-produced by Social Enterprise UK (SEUK hereafter) and Landmarc at Dartington Hall¹ on January 28th and 29th 2014. The summit was held for four reasons:

- to celebrate and recognise progress one year since the Public Services (Social Value) Act became operational in law
- to share and learn from existing good practice across sectors in relation to social value
- to generate ideas, networks and practical recommendations for action, which could help realise the Act's potential more fully
- to amplify the significance of this groundbreaking global first.

Both SEUK and Landmarc feel that, to quote Chris White MP (who initiated the Act), "there is no limit to the potential of the Social Value Act" to both positively change the way business is done and to create opportunities for social enterprise.

To this end, day 1 focused on 'Social Value Today': a series of TED-style talks from experts and practitioners across different sectors, highlighting good practice, challenges and opportunities.

Day 2, 'Social Value Tomorrow' then moved to an action-oriented set of workshops looking at three key areas for the further development of the social value agenda:

1. **Measurement + frameworks**
2. **The Act: implementation + improvement**
3. **Promotion + incentivisation**

The following report aims to capture the key points from the speeches, conversations and workshops on both days. It then goes on to make a series of detailed recommendations for action which emerged at the event.

With a combined audience of 450, in person and via live streaming, the delegates were a genuine mix from all sectors and included representatives from:

- public sector, including Cabinet Office, BIS, DIO and Plymouth Council
- private sector, including Interserve, PHS, PwC, Balfour Beatty, BiTC
- social sector, including CAN, Fusion 21, Real Ideas Organisation, Belu.

Videos of the speakers and interviews from the summit can be viewed via the event's dedicated microsite at www.socialvaluesummit.org



¹Dartington Hall is itself a social enterprise and was chosen as a venue as part of Landmarc's commitment to Buy Social (see www.buysocial.org.uk)

SOCIAL VALUE TODAY: THE STATE OF PLAY

The Public Services (Social Value) Act has now been in operation for a year: it places a duty on government, councils, the NHS and other public bodies in England and Wales to consider how they might improve the economic, social and environmental wellbeing – the ‘social value’ – of a relevant area when they buy and commission services. There has clearly been some progress in the year, but the general feeling is that there is much more potential to be realised.

Positive signs

Awareness is still a critical and important first step: if people do not know about it, how can they make use of it? Recent signs are encouraging – An SEUK survey found that 81% of commissioners had taken steps to identify social value criteria, and more than 75% said their organisation had issued tenders that include social value criteria. The sample may have been a little self-selecting, but the signs are positive – and key organisations like Cabinet Office², LGA and CIPFA are aiding the cause.

Awareness in other sectors has grown substantially in the past year as well – through established networks like Business in the Community and the City of London, and the example set by Landmarc, Wates and others. A fast-growing group of organisations in the private sector are taking note of the Act: most notably in the facilities management, environment and construction industries – those for whom public sector contracts are a very significant proportion of income. These organisations are often prime contractors, operating at significant scale (for whom social enterprises will often be tier 1 or tier 2 suppliers / sub-contractors); as such they have a responsibility to build social value into their business process.

Awareness amongst the social sector has grown too – thanks to the work of membership bodies like SEUK, NCVO and NAVCA, to social impact measurement groups like the SROI Network and the Social Impact Analysts Association, and to many local networks and frontline organisations.

There are also a growing band of pioneers in different sectors who are taking up the Act, testing new approaches and exploring its potential. On the local authority side, there is great practice in Knowsley,

Durham, Birmingham, Liverpool and elsewhere – social value taskforces, procurement frameworks and more. Social value frameworks are in development as far apart as Lambeth and Northern Ireland. A social value champions scheme is taking hold in the West Midlands, not least amongst housing associations, and many events have been held across the UK.

The providers, meanwhile, are taking social impact measurement more and more seriously. Large national organisations like the Crown Estate, whose ‘total contribution’ report has been extremely influential; Landmarc’s own *The Landmarc Difference* report showing the way to their industry and beyond; and many more social sector providers are measuring their social impact. SEUK’s State of Social Enterprise survey³ found that 68% of social enterprises are measuring their social impact which rises to 76% for those whose main source of income is the public sector. There are increasing numbers of exemplars in the field, from the FRC Group to Timewise; from Staying First to Unity Trust⁴.

“68% of social enterprises are measuring their social impact, which rises to 76% for those whose main source of income is the public sector.”



² Cabinet Office recently distributed a Social Value Act: One Year On document – see <https://www.gov.uk/government/publications/public-services-social-value-act-2012-1-year-on>

³ The People’s Business (2013): see www.socialenterprise.org.uk

⁴ See <http://www.socialenterprise.org.uk/about/about-us/social-enterprise-awards#finalists>

Challenges

Awareness

Despite these positive signs, it was clear at the summit that significant challenges remain. Whilst awareness is rising, it is still not high enough amongst key decision makers, particularly in the public sector agencies - not only commissioners, but also procurement, financial and legal staff. It was felt that the messages communicated to those agencies needed work, as well as how they were 'landed' in short, if 'social value' is viewed as another, additional thing to deal with, (which may cost money) at a time when savings are having to be made across the board, it is unlikely to be well-received or well-understood.

Slow-paced change

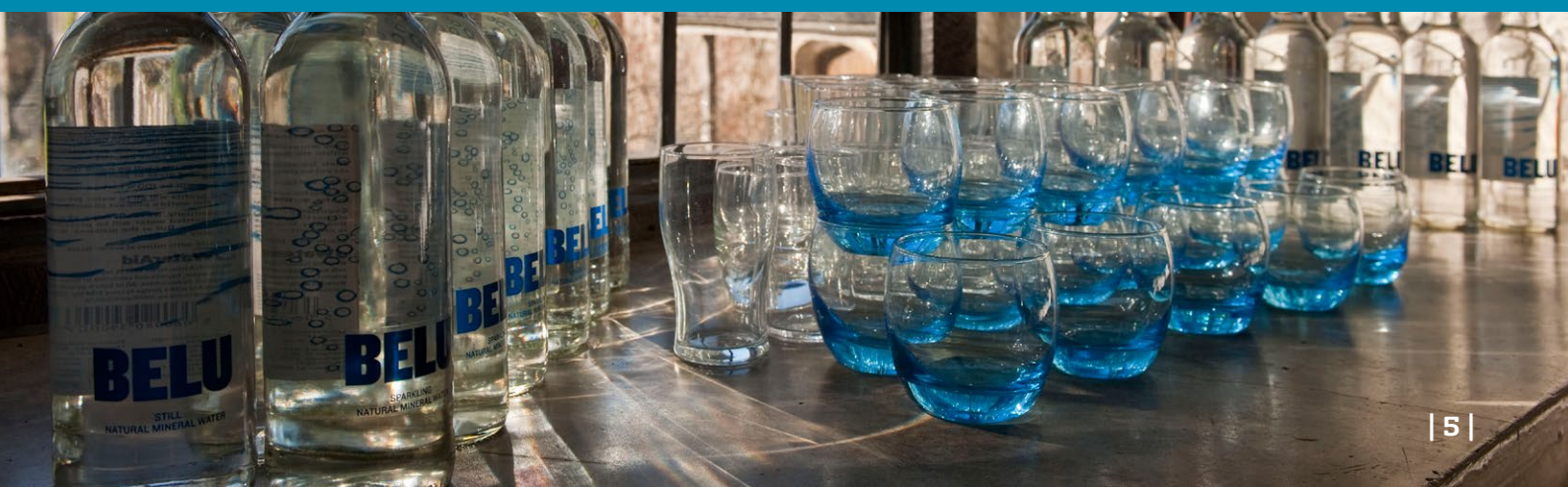
On the provider side, the challenge is more that raised awareness has not led in many cases to any noticeable change in contracts or tenders or approaches. Partly this is because lots of contracts are still to come out in the coming years, but while many providers felt that the Act has enabled them to open up different conversations with commissioners, few could point to winning new business at this stage because of social value. There is a feeling that, as the Act continues to be implemented and as other bodies move in this direction (for example, the recent EU public procurement directive⁵) this will increase over time, but the frustration at slow progress is itself a challenge.

The engagement gap

This relates to another key challenge: that of effective stakeholder involvement. SEUK research has shown that there is a gap between the perceptions of commissioners and providers on how well they are consulted - many commissioners thought they were doing an excellent job; when asked a related question, fewer than one in five social sector providers felt they had been consulted in pre-procurement⁶. The summit itself demonstrated the importance of having people from all sides talking together on their shared objectives.



“Awareness of the Act is still not high enough amongst key decision-makers in public sector agencies - in commissioning, procurement, financial and legal.”



Challenges

Stakeholders and accountability

Stakeholder involvement is also about the service user or beneficiary or client – how can service users be most effectively involved in design and consultation and delivery? This question relates to another important one: who ‘owns’ social value in this process, and how are organisations held accountable for the social value they create / the reports they produce?

Social impact measurement

While the measurement of the triple bottom line was felt to be possible, it was still evident that the ‘social’ was felt to be the most difficult of the three – this was partly due to measures being more established in the economic and environmental fields, but also about the complexity and diversity of social value and how it is measured. Part of that complexity also comes from an acknowledgement that the three bottom lines don’t always mutually reinforce (i.e. saving energy also saves costs) but sometimes involve trade-offs and openness about where value may be destroyed as well as created.



“The Act reflects wider trends in society and business...and the ‘answers’ to realising its potential do not lie with one set of people or one sector.”

The general feeling was one of guarded optimism – not necessarily because the Act was perfect or that it had realised its potential; but because there has been significant progress, and because it seemed to be reflecting wider trends in society and business alike – the need to make the most of the resources we have, greater transparency building new forms of accountability, business working to earn trust and address its wider responsibilities, and that the ‘answers’ do not lie with one set of people or one sector.

⁵ See <http://tinyurl.com/npdkfvb>

⁶ The questions in the research to providers /commissioners are not directly comparable, but this finding is strongly supported by anecdotal evidence.

SOCIAL VALUE TOMORROW: THE KEY AREAS

Day 2 of the Social Value Summit focused on facilitated conversations in three key areas to realising its full potential. The highlights from each conversation, be they challenges, examples or areas to develop, are captured below:

1) Measurement + frameworks:

How to measure social value (for the provider) and how to ask for social value to be measured (for the commissioner) are central questions for achieving progress. The conversation identified some key challenges and questions:

- **proportionality** - how can measurement become better and more rigorous without excluding smaller organisations that do not have the capacity to meet those demands?
- **language** - there is still not enough consistency of language between sectors on what key terms mean - how can we break down language barriers?
- **positive and negative value** - measurement of social value should take account of where that is negative; to use a financial accounting analogy, it's not just a profit statement, it's a profit and loss statement - how can this be encouraged?
- **stakeholder engagement** - at a time of stretched capacity (on all sides), what types and levels of stakeholder engagement are most needed and most effective?
- Central to the measurement issue is that it **needs to work for both sides**:
 - the providers want it to inform and improve their work and business, not just be something demanded of them or imposed
 - the commissioners need the evidence base to be able to justify their decision-making, and for that evidence to have some credibility and rigour.

Equally important is the need for social value to be viewed at a system level holistically - it absolutely is not 'additional' to a service; otherwise the potential for social value to deliver innovation, savings across services, multiple benefits, radical service design and so on is missed. But creating the right frameworks for this kind of approach is difficult, as is the boldness required to carry it through.

It is also clear that at the moment the main focus is on the contract itself, the weighting, the social benefit clauses - on winning the business. This needs to shift to include the quality of delivery as well, and how that is reported over time - accountability is not at point of entry, but throughout the length of a contract.

Suggested actions:

- create a central infrastructure or portal to collate good practice
- build on existing work of standardised approaches, indicators, outcomes
- promote more informal supplier engagement to decrease depersonalisation of procurement, and to improve bridging of gaps in understanding and language
- encourage more joint working groups that look at social value together and create sets of shared outcomes / objectives⁷
- use and promote an open database of outcomes (eg. Global Value Exchange)
- look at new innovative forms of data capture - such as geo-spatial mapping of supply chains (against areas of deprivation), or social value scorecards measuring the net change in social value from a contract / relationship.

⁷For example, SEUK and IVAR's Building Health Partnerships work with CCGs & healthcare orgs -

<http://www.socialenterprise.org.uk/about/about-us/our-projects/building-health-partnerships-programme-2013>

2) The Act: implementation and improvement

This conversation focused on the Act itself – how could it be improved or strengthened? What guidance should be provided about it? What could be learned from other similar pieces of legislation? Some of the key challenges identified were as follows:

- **no compulsion** – the wording in the Act ('must consider', rather than 'must do') was felt to be an issue in encouraging more take-up, in the absence of legal challenge
- **mixed guidance** – there has been mixed legal advice and a lack of clear guidance centrally⁸, which has led to a wide range of approaches varying in quality
- **other legislation** – there was some evidence that best value and localism were being prioritised or viewed in competition to social value (rather than aligned with it)
- **lack of data** – not clear at this stage how far social value is being included by public sector agencies, never mind the potential positive impact of that commissioning.

It is viewed as a strength that the Act allows for local interpretation of social value, but this also raises challenges – a better balance between localised approaches and more consistency or **nationally joined-up advice and guidance** should be achievable. This could usefully target law firms who are being asked for guidance, but may not always have the best or most up-to-date understanding.

Guidance from national bodies and government could also share **good practice** – that embeds social value and thinks about it in the round, rather than in a tick-box or minimum standard or completely open ('describe your approach to social value') way. The best sharing is done through examples and between local peers, as well as from the centre.

The lack of co-design and collaboration emphasises the importance of bringing together key players locally from across sectors – meaningful engagement is critical, and it is not happening enough in resource-scarce times.

It was also felt that the limitations of the Act to services (and services with an element of goods) were restrictive and put boundaries on its potential. **Goods and works** were mentioned as an area where the effect of social value could be significant, and other areas talked of how even planning departments were thinking about how social value could be incorporated in their work.

The conversation also highlighted that local **political support** from councillors and political figures is a significant factor in public bodies embedding social value both early and effectively. This is viewed as being as critical in some public bodies as the buy-in of senior managers in different departments.

Suggested actions:

- start to track data to build transparency on good practice and outcomes
- extend the Act to goods and works
- advocate for the Act to be a 'must do' Act rather than a 'must consider'
- collect records on councillors voting, on where social value is supported
- improve transparency through open book accounting (delivery) and better reporting in all sectors; improved guidance on how to do this is needed
- encourage stakeholder groups to come together to improve collaborative working
- training and support on the Act and social value needs to bring different parts of public agencies (commissioning, procurement, legal) together to foster shared understanding.

⁸It is worth noting that this was not a government bill, but a private members' bill, so the government has not promoted it in the same way that it might to date; there are signs this is set to change, though (see previous footnote)

3) Incentivisation + promotion

This workshop focused on the need to raise awareness of the Act and social value more generally, and to communicate to key audiences with the right messages. It also looked at how action might be better promoted or incentivised. The group identified some key challenges as follows:

- **lack of clarity** - there is 'fog' between the big picture understanding and the small, detailed steps that need to be taken
- **simplicity difficult to achieve** - it is a complex thing to measure and articulate social value, and that complexity can alienate or make communications hard
- **negative perceptions** - that social value is seen as a 'burden' by commissioners or business, rather than something that helps benefit them or achieve their objectives
- **current climate** - much social value comes over a longer time period, but the political landscape is increasingly short-term in horizons and planning
- **£ value still key** - the economic case needs to be proven more strongly if it is to become as accepted as sustainability.

It was felt that **business** had a big role to play - perhaps through grouping together key players and creating social value equivalents of the Courtauld Commitment⁹ to move the agenda along fundamentally. Equally important was the need to create messages that explain how social value can help a business, not impose another thing upon it. These may be different for those working in different industries - the Act is key for public sector-facing businesses, but for those in retail, consumer trends and demands (do you pay the living wage? how do you live your values?) will be more relevant. Consumer awareness coupled with business leaders celebrating and advocating for social change can drive an upsurge in understanding.

The **public sector** has a significant part to play in adoption, with local authorities having a powerful role to influence the businesses in their area. There is a risk of just "helping those who are already doing it" and there needs to be a focus on bringing others into and along with the social value movement - what are the key routes to them? Local authorities and other public sector bodies need short-term economic arguments to make social value 'palatable' and 'implementable' in the current climate too - central government can support these

efforts. The conversation needs to be shifted to 'what is the risk of not doing this?' and to being viewed as an opportunity, not a burden - areas that are most affected by cuts will have to transform services, and social value (and what it entails) can be a part of that. Examples and peer networks amongst strong local leaders will be critical, combined with regular central government endorsement.

For the **social sector**, it was about the challenges of measurement, of standardisation and having to respond to different frameworks. For consumer-facing social enterprises, it might be that a 'social footprint' measure (a la carbon footprint) could work. But what worked for the environmental movement was legislation and regulation - the stick was created and the carrot was that some of this saves money. Is the stick big enough with social value? The carrot and stick can also be thought of in creating utopian (if we work together, here's what the future looks like) and dystopian (if we don't do something, look at this terrible future) scenarios to focus minds. Social enterprises and charities need to continue to improve their measurement and articulation work - but also the transparency of how they operate and report that.

Finally, there was agreement that greater use of **examples and testimonials** from 'doers' across sectors is important to persuade the hearts as well as heads - social value is something that affects everyone, and those who have benefited from actions should be the voices at the forefront. This will help take the argument beyond the confines and limitations of the Act.

Suggested actions:

- convene senior business group to create agreement + advocate
- showcase and profile examples (and their impact) from across sectors
- broker connections between local leaders to help build peer-networks
- invest in building the economic case for social value, micro + macro
- concentrate on the 'slightly engaged' group in each sector
- speak to those who succeeded in environmental movement to learn lessons
- collate practical resources for use and action as awareness builds.

⁹See <http://www.wrap.org.uk/category/initiatives/courtauld-commitment>; other good examples to look at include section 106, London Legacy Development Committee and BiTC's Access Pledge.

RECOMMENDATIONS:

The following recommendations were captured from both the speakers on day 1 and the workshops / conversations on day 2 of the summit. Most are related directly to the suggested actions which came out of each workshop.

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



CONCLUSIONS - WHAT NEXT?

Arriving at the right time

The Social Value Summit helped crystallise the potential of the Social Value Act – not only as a piece of legislation applying to public sector commissioning bodies in a particular way, but because it has arrived at a time of greater, more wide-sweeping change: change in transparency, in accountability and trust, in consumer trends, in the responsibilities of business, in the rise of social enterprise, and in the way people individually and collectively view the concept of 'value'. A perfect storm no less.

Being local is the Act's strength and weakness

It is both the Act's strength and weakness that social value is not determined or prescribed from a central body, but left to each commissioning body – on the one hand, this is entirely appropriate, and it makes sense for this to be developed and implemented locally, where innovation, co-design and engagement can work practically. On the other hand, it can lead to wide variations in practice, inconsistencies, few benchmarks, and potential duplication and reinvention. As the recommendations state, there is a clear role for national networks (across sectors) to collate and share good practice, and build consistency.

Patience as practice develops

Currently, it feels like a period of experimentation and developing practice – whilst continuing to strive for better and more, advocates and all those on the frontline need to be patient and persistent in their work. The Act has prompted and promoted a range of different activity – measures, frameworks, approaches, contracts, templates, partnerships, training – and there will be much more emerging and iterating in the coming months. Attempting to squeeze this practice into one-size-fits-all solutions too early will not work.

Cross-sector work is key

Continuing to develop the cross-sector partnerships and working relationships made at this summit and replicated locally will be central to collating, coalescing and communicating this emerging activity into consistent practice over time. And, just as has occurred with the sustainability movement, social value can become accepted and incorporated into mainstream business and society through use and implementation, not theory.

Strengthen the Act, and measure use as well as impact

Finally, it is widely agreed that the Act should be extended to goods and works, and strengthened – it needs to be an obligation, not a consideration, and its use and uptake should be tracked and measured from the centre. This will do more than any other single action to promote and grow the effect of the Act, and the realising of its potential.

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