

Executive Summary

The Public Services (Social Value) Act 2012 was first presented to Parliament a decade ago, enshrining in law the duty of public sector commissioning to pay regard to economic, social and environmental wellbeing when making procurement decisions. In this time, the incorporation of a social value element into the assessment of public sector contracts has transitioned from a campaigning concern¹ to a statutory requirement² and finally to a universally recognised consideration in dealings with the public sector (and often within the private sector)³. With ubiquity, however, there is always the risk of complacency and genericism. The research project informing this report aimed to survey the current state of the Act's implementation in local government. Investigating through a series of interviews, roundtable discussions and open survey exercises, this report highlights several issues with implementing the Social Value Act at local level. The crux of these issues is a need for a degree of standardisation, carefully combined with a built-in consideration of local context. The proposed Community Value Charters, detailed below, are designed to meet this challenge.

Defining and understanding 'social value'

Social value is a broad concept, covering the worth of interventions beyond their initial impact. It takes account of the narrative and direction behind interventions and points to a view stretching further than direct, deductive measurement. Understood properly, social value is *cumulative*. When a shared concept of the socially valuable is engrained into the culture of a local authority and embodied in its procurement process, the combined weight of the political leadership of a council, its officers, its private sector partners and its associated public sector organisations is pulled towards its maximisation. Applied in a piecemeal way, with frequent changes in direction and shifts in emphasis, social value is reduced to little more than a buzzword. The difference between social value as a mission and as an additionality comes down to the depth of the understanding of social value in local context.

There is a significantly limited reserve of knowledge and expertise in the adjudication process of tendering contracts, particularly due to the heavy strain on resources after a decade of austerity. Understanding of the Act is also limited on the provider side, as is knowledge of factors affecting local context. This can lead to a situation of providers putting in bids with identikit social value offers across the country, and local commissioners judging these offers on a case-by-case basis, with little attention given to the possibility of cumulative impact.

1 Eccles & Phillips (2001) – The Value Reporting Revolution: Moving Beyond the Earnings Game; The SROI Network (2012) – Are we accounting for value?

2 Cabinet Office, Efficiency & Reform Group & Crown Commercial Service (2012) – Procurement policy note 10/12: The Public Services (Social Value) Act 2012

3 Cabinet Office (2015) – Social Value Act Review

The tension that arises when trying to remedy this situation is one of the most formidable challenges in realising the potential of the Social Value Act. On the one hand, there is the need for universalism so the Act can be better understood during evaluation. On the other hand particularism is also required to avoid social value offers themselves becoming generic.

For local government to maximise social value, a good balance between quantification and qualitative understanding is required. Datasets and performance indicators are of course necessary to evaluate bids and the outcome of social value initiatives, but in setting the parameters for action and evaluation there must be qualitative interpretation framed in local context. For providers, a deep understanding of social value in context can also help with the quantification side of meeting social value requirements in tenders. For example, rather than focus on social value in the monetary sense through things like training and employment, providers may be able to deliver a more locally relevant offer by focusing on natural or social capital. Understanding where social value can be most effectively realised in the context of place and the individual contract is crucial.

Cohesion, consistency and accountability

Designing, implementing and evaluating socially valuable outcomes through the procurement process can be difficult in local government due to organisational fragmentation. It can be challenging to regularly coordinate between, for example, procurement and community liaison teams in resource-stretched local authorities. Many councils have workforces focused on consulting with communities to establish priorities – the challenge is integrating their knowledge into procuring for social value along vertical and horizontal lines. Consistency in impact is also dependent on maintaining priorities over time and avoiding a shift in what social value looks like every time there is a change in political or bureaucratic management. When social value can ‘bed-in’ as a defined set of priorities, the process is easier for commissioners and contractors, as the social value element can be built into tenders from the start and evaluation can be made against a defined vision of what is socially valuable.

Accountability is an issue with implementing the Social Value Act, especially at local level. The Social Value Act is applied in different ways, on multiple contracts, often with several contract partners. This makes it difficult to distinguish who can be held accountable and where responsibility for following up lies. Without clear priorities and a lack of capacity for ongoing contract management regarding social value; value is being lost, measurements are not being adequately collected, and no one is being sufficiently held to account to provide an incentive for behaviours to change. Accountability goes beyond the internal mechanisms of council procurement. For the Act and its benefits to be well-understood locally, there must be accountability to the community for whom the service in question impacts. Transparent and collaborative social value processes can not only enrich community life by improving social infrastructure but also improve relationships between resident, council and private providers.

Balancing flexibility and clarity

The Community Value Charter model put forward in this report is designed to address the issues laid out with implementation of the Social Value Act at the local level, whilst also balancing the need for local flexibility and general

clarity in applying the act. On both sides of the public/private sector divide, there is scepticism towards the idea of a 'silver bullet' fix through reductive standardisation. However, across the sector, there are multiple examples of efforts to reach a common purpose in social value. The Community Value Charter model is designed to raise the baseline of social value practice without interfering with the work of councils already engaged in doing so. Complexity is written into the process to ensure local factors and community views are considered, whilst also providing a framework that can deliver greater clarity for commissioners and contractors.