

## **SOCIAL VALUE ACT: IMPACT AND MEASUREMENT**

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### **An evaluation of three contracts**

It has been three years since the implementation of the Public Services (Social Value) Act 2012. Measurement of social value impact is consistently cited as a barrier to commissioning for social value, although a myriad of social value tool kits, policies and charters exist it is much harder to find practical social value measurement methodologies, approaches and examples of best practice.

As part of the Cabinet Office's Social Value Act: Implementation and Measurement Project, this piece of work focused on learning from the practical implementation of social value for commissioners, from tender decisions to weighting/proportionality to contract/performance management, by reviewing and comparing a number of recent procurement contracts embedding social value.

The work was undertaken with three commissioning authorities: Salford City Council, Shropshire Council and Halton Borough Council/Halton Clinical Commissioning Group (HCCG) with specific reference to health and care commissioning. The approach included a short piece of desk research, evaluating the documents available from each contract as well as an evaluation roundtable with representatives from each of the areas (including commissioners, providers and procurement professionals), the data gathered from both is presented below.

### **Background to the areas and their contracts:**

**Shropshire Local Authority:** Their Information, Advocacy & Advice for Adults Service (IAA) was awarded to a consortium of VCSE organisations led by Citizen's Advice Bureau Shropshire. The value of the contract is approximately £540,000 per annum.

**Salford Local Authority:** Being Well Salford, commissioned before the Public Service (Social Value) Act 2012 was implemented. Awarded to the Big Life Group, it is a preventative service designed to build the resilience of individuals enabling them to take control of their lives, and make positive decisions about their health. It is delivered in partnership with a number of local VCSE organisations and statutory services. The value of the contract is approximately £200,000 per annum.

**Halton Borough Council & HCCG:** A Social Value Policy and Procurement Framework has been jointly developed. Halton Borough Council has commissioned 19 contracts which have included social value as part of the selection and award criteria and HCCG are in the process of tendering a mental health contract with social value criteria. This experience informed their contribution at the roundtable discussion.

All three areas have received support or are still receiving support through Social Enterprise UK's Health and Social Value programme (funded by the Department of Health), to embed social value into health and care commissioning. Each area has a clear social value policy, framework, or charter providing the strategic guidance to commissioners, procurement professionals and providers when considering social value in any given contract.

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## SUMMARY

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Halton, Salford and Shropshire are some of the early adopters of the Social Value Act in health and care and have begun to tackle and form approaches to the key challenges that were highlighted by Lord Young's review of the Act.

The three areas have all taken slightly different approaches to procuring social value in the contracts reviewed by this piece of work, which reflect their broader approaches to commissioning for social value. The areas have a number of helpful learning points for others seeking to commission for and measure additional social value. The differing approaches taken by the area offer a variety of experiences that are useful for other commissioning authorities to review and evaluate what might work for them.

Commonalities include taking sufficient time to communicate with providers, both before and after tender specification; working closely with providers to develop measurement frameworks and appropriate measurement tools, and keeping these measurement frameworks and tools as simple as possible. All demonstrated a strong commitment to pursuing social value from all levels; from leadership teams to those implementing policy and all are beginning to see positive impacts resulting from commissioning for social value.

The key findings that arose from the round table discussion are highlighted below:

### ***Emerging consensus on measurement***

There is a consensus developing around an approach to measurement within (rather than between) commissioning authorities. All three areas have realised that it is impossible to have a standard measurement framework to apply across all contracts for social value, but that there needs to be a loose strategic framework with the flexibility to adapt measurement techniques and approaches to each contract. Halton Borough Council has begun to develop a dashboard to track social value across the authority and collate the overall impact the commissioning authority has achieved. While Salford Council has used local economic measures based in the Local Multiplier 3(LM3) methodology to assess the impact the Council's approach to social value has had on the local economy. Shropshire is working to develop a flexible measurement framework that sits across the Local Authority, CCG and Police and Crime Commissioners.

At a contract level good practice supports the involvement of providers in developing the measurement framework for delivery, ensuring that it is proportionate to the scale and risk of the work. As a result the measurement tools used vary depending on the nature of the contract and the providers involved.

### ***Balance between open and specific social value questions***

Asking specific social value questions in a tender specification will always allow the commissioning authority more control, enabling them to target additional social value where they need it most and in the most appropriate way. Pragmatically though, it's

understandable that the work needed to craft specific social value questions may not be possible for every single tender. Within Halton's Social Value Procurement Framework, there is the opportunity to use a series of pre populated questions which represent the council's specific priorities; additionally, the Council has developed an open question approach which has been used successfully to encourage innovative social value responses from providers. This appears to be working well because both the policy and framework are proactively communicated with providers. It perhaps supports a more flexible approach to the way social value questions are asked, and that there may be some tenders or occasions when it is more realistic to include an open question to ensure that social value is still incorporated in the procurement opportunity.

### ***Smaller VCSE providers may be missing out***

A number of participants raised concerns about smaller VCSE organisations struggling to be part of discussions about social value and part of the commissioning process in general. On the commissioners side there is an understanding that smaller VCSE organisations have valuable niche skills and knowledge about local communities which would be dangerous to lose. All three areas are looking at ways to address this issue, through commissioning from consortia and simplifying the tendering process as much as possible, as well as providing training on social value to smaller VCSE organisations.

### ***Value for money pulling in two different directions***

Areas realise that commissioning for additional social value supports them to deliver more for their money, but for some their experience has also shown that they need to invest additional time and sometimes finances upfront to achieve this.

There seems to be a real danger of creating a division between the commissioning authorities that are already sold on the additional savings and benefits social value brings, and will continue to commission in this way, and those which are yet to see the positive outcomes, and will be unwilling or unable to invest any additional resources needed upfront to commission for additional social value.

In this vein austerity was raised by some as a risk to social value. There was concern that the huge amounts of money leaving sectors might impact negatively on the ability to extract additional social value. There might not be the time or capacity to build the trust needed to be fully explore and consider the potential additional social value in the commissioning process.

## FINDINGS

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### 2.1 PRE-PROCUREMENT

#### Engagement with the provider market

Engaging with the provider market was central for all three areas. Each had different approaches, which perhaps reflect the subject and the complexity of the services being commissioned.

- Shropshire undertook a detailed mapping of VCSE services to review provision available in the area. This led the commissioner to directly engage with a group of local providers who had formed a consortium of VCSE organisations to develop service specification.
- Similarly Salford approached the Big Life Group to develop the service specification for Being Well Salford.
- All three areas agreed on the importance of lead in time, of at least 12 months.
- Salford and Shropshire spent six to seven months working with providers to develop the service specification to tender.
- Halton Borough Council uses a prescribed simple checklist exercise to follow with each commission (Risk Assessment), and stressed the need to engage with providers at an early stage, making sure that the supplier is aware of what is being looked for. This has been applied to 19 contracts, from £4,000 to a multi-million personal housing Support contract.

>>Effectively co-producing a service specification with providers is resource intensive for both commissioners and providers. There is no guarantee of a contract for the provider, though this did work successfully in both Salford and Shropshire, and one provider was able to leverage external funding to support the process.

>>It was acknowledged that pressures on local authority and CCG spending may make this type of approach more difficult, as resources decrease the capacity to spend the kind of time needed to develop relationships and trust essential for this approach may diminish.

>>There was also a recognition, by all providers and commissioners, that smaller VCSE and local businesses may be left behind as they do not have the resources or capacity to tender, and may lack understanding of social value. The commissioners were very welcoming of consortia/alliance approaches to engage with smaller providers.

## 2.2 THE PROCUREMENT PROCESS

The social value question/clause: Specific or generic?

### **Example**

#### **Halton Borough Council – Social Value Question/Clause**

Halton Borough Council would like to realise the potential for a contract of this type to add social value and community benefit and would like to establish a voluntary agreement and measure any benefit through the application of key performance indicators. What are your organisations proposals for this contract in respect to the above?

### **Shropshire IAA**

The IAA service will be delivered and organised in a way that maximises the positive social, economic and environmental impacts that an excellent, comprehensive and integrated information, advice and advocacy service can provide.

Specific 'Social Value' requirements to be demonstrated by the IAA service include:

#### Economic Value

In addition to the above core functions the IAA service will seek to generate additional income to the Shropshire economy from other funding sources to provide additional services that are not part of this service specification but complement the wider service offer.

The IAA service will commit to identifying new funding opportunities and seek to develop new services to improve the access to advice and/or the volume of services available to service users.

The IAA service will maximise service users' spending power through benefits, debt and money management advice.

#### Social value

The IAA service is required to demonstrate how it will contribute to the social value priorities of the Council in:-

- Improving wellbeing and health
- Empowering people and increasing resilience
- Reducing worklessness by enabling training or employment opportunities through volunteering
- Increasing social capital and community cohesion focusing on:-
  - Bridging – connections between people with overlapping interests, for example, between neighbours, colleagues, or between different groups within a community
  - Linking – derived from links between people or organisations beyond peer boundaries, cutting across status and similarity and enabling people to exert influence and reach outside their normal circles

The IAA service will develop a robust Social Value measurement framework, during year one of the contract. A plan for development of this model, with milestones, will be agreed with Shropshire Council. Where appropriate this development may involve the communities in the on-going development of the services.

## Open question

Both Halton Borough Council and HCCG use a mixture of open and specific social value questions to either support supplier innovation or provide specific questions in line with key Council priorities about the type of social value they required. Providers are guided by the local authority's policy and documents on social value, which explain the kind of additional value that might be expected. This has resulted in a range of activities from social work placements, housing providers providing Christmas and winter warmth packs, securing additional income for families to reduce child poverty and a business reinvesting up to 7.5p in every £1 from the contract back into the borough.

## Specific question

The view from Shropshire was that although generic clauses do have their place, commissioning work is about understanding the opportunities that are available out there and "*if you know what they are why not specify them?*" It was seen to be particularly important to be specific if there's an issue in a geographical area that needed to be addressed.

*"There's a need to give providers clues and reflect the work you have undertaken with the market."*

## Embedded

The contract for Being Well Salford was commissioned before the Public Services Act (2012), so there was no specific social value clause, it was built in throughout the contract. This is reflective of the approach that Salford is seeking to develop, that social value should be embedded throughout all the questions of a contract and not need a specific clause.

>>Halton Borough Council demonstrates that generic clauses can work well if a commissioning authority has a clear and comprehensive social value policy and procurement framework in place, and that it can lead to real innovative social value.

>>Specific clauses are particularly relevant when addressing an issue in a defined geographical area i.e. they can be used to address youth unemployment/loneliness in a particular ward and ensure that the additional social value of a contract really does target the individuals it was intended to.

>>Generic clauses are less time consuming to include in contracts for a commissioning authority. For an area to drive social value implementation forward, it may be worth considering which contracts would be more suited to a generic clause and including it as a default question in all.

>>Embedding social value throughout a contract - this works if there is strong guidance and ethos throughout the commissioning authority. It might be a difficult starting point for commissioning authorities beginning their social value journey. There may be implications for measurement and monitoring of the additional value to the contract if it is hard to distinguish the additional social value from the core specification of the contract.

### **The weighting of the social value clause**

**Halton:** Weighting varies from 3%-20%. There has been a movement to fixed price contracts in some circumstances so there is then more of a focus on quality in the marking of procurement opportunities.

**Salford** is beginning to see it as core to all work so should be embedded across the contract, they are working to see social value as the norm rather than exception.

**Shropshire:** 15% for specific questions in this contract, but additional social value was also embedded in the main questions of the contract.

### **Views on providers' responses to social value questions**

- The understanding is still mixed, which is reflected in some of the answers.
- There was a sense that there was a better response for smaller contracts.
- When marking the responses if a high mark was given for social value there was generally a higher quality of response throughout all the answers.
- One area found that larger health bodies have responded less well to social value questions but that was not reflected in the other two areas.

### **The provider perspective:**

- The language is key, the way questions are phrased is key.  
*"There is a sense that if social value is core to the work you do, it's confusing when you need to separate it out and say it's additional"*
- The tendering and commissioning process itself is complicated and difficult to engage with. In Salford for example to be considered for the Children's Service Framework, the Big Life Group had to guess what contracts they might want to tender for over the next three years and complete a detailed PQQ to qualify to be part of the framework, it then involved a series of smaller ITT for specific services. A process that many smaller organisations would be unable to take part in.

### **Communicating social value to providers**

**Salford** has a Social Value Pledge, which sets out the borough's approach and principles regarding social value, there is also a website with the Salford Social Value tool kit.

**Halton Borough Council** takes the approach of keeping it simple, and making sure they have a policy and framework that providers understand. They have tried to keep

their policy as easy as possible for providers to use, and hold regular supplier engagement events to talk about what they are looking for.

The council has made it easier for the VCSE sector to bid for opportunities below the current EU thresholds, by using a quality mark the 'Star Standard' which once an organisation has successfully achieved means they can be automatically put through to the next round of the procurement process, subject to minimum checks rather than having to respond to specific information for each procurement opportunity. They have also removed barriers including simplifying processes based on risk for businesses and organisations to bid, by having just two ways of working; above and below the EU thresholds.

**Shropshire Council** has a social value framework and is developing a website to provide details of their social value policy and work. They recently held a 'Shout about your Social Value' event for providers and commissioners to increase their understanding and awareness of the Act.

>>As yet not one of the three authorities have used social value as a break clause in a contract, it was agreed that it may be more likely to be used in some than others.

*"A highways maintenance contract is always going to prioritise safety over social value, whereas for health or social care the social value element is going to be more important and central".*

>> There can be tension between what commissioners want to achieve and what is possible with the procurement processes in place.

>> Complicated procurement processes can be a barrier to social value implementation for both providers and commissioners. The Salford Public Health Framework procurement contract, used very commercial procurement methodologies which got in the way of social value. The commissioning team in Salford is more in favour of the approach used with Big Life, however sometimes procurement rules are less supportive of that approach.

>>The group felt that CCGs make less use of the Act than many local authorities, the reason given was that much of health procurement is standardised and constrained by central directives which make it more difficult to include social value clauses.

>>All agreed that the EU directives are now much more relaxed and supportive of social value, but that there still is a need for enlightened procurement people, who can bring innovative ideas to support this work. The category manager in Halton Borough Council has a commissioning background which she feels has helped in their approach and understanding of the market and in developing procurement processes that also work for providers.

## 2.3 MEASUREMENT

### Monitoring the social value clause in a contract

In **Halton**, social value is led by the procurement team, who also take on the role of monitoring the social value conditions of contracts. This is unusual as the procurement team in Halton is responsible for commercial rather than contract management, and neither of the other areas have taken this approach. The procurement team tracks social value outputs on a quarterly basis and reports them bi-annually to the Council's Business Efficiency Board. This ensures that all social value outputs are collated in one place and that it is relatively easy to find out how effectively providers have delivered on their social value clauses. A different approach may be taken by HCCG when it starts to commission services with social value clauses.

In **Salford** although the contract was commissioned before the Public Services Act (2012) was implemented, the provider does report on the elements that are considered to provide additional social value. This includes the number of staff recruited from their target areas<sup>1</sup>, and how many and which partners are involved. Reporting has become easier as the commissioner they report to now attends their quarterly progress meetings, where performance is reported. The commissioner also sits on the Impact and Evaluation working group.

*"It was initially daunting having the commissioner there at our meetings, but actually it's the best thing ever, because they are involved in important conversations, and we don't need to have separate reporting meetings with them"*

In **Shropshire**, the commissioner and provider meet quarterly to discuss progress of the contract and this discussion includes the social value deliverables.

### Tools used to measure Social Value impact

**Shropshire:** Here the commissioner included in the initial tender a request that providers consider an effective way of measuring the outcomes of their service including the social value elements.

The provider, a consortium of voluntary and community organisations, successfully bid for funding from Awards for All, which allowed them to employ an impact measurement consultant. This led to the development of a tool which could be used by the members of the consortium, (who all had different ways of measuring outcomes, and different reporting responsibilities to funders and national bodies) which could assess the extent to which the individuals engaging with the service had built their resilience. It is a tool that measures distance travelled, used by both client and volunteers. There are ten questions, the same questions are asked at beginning

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<sup>1</sup> Staff recruitment was a large part of the social value element as they recruit people based on their values rather than qualifications to ensure that they are 'people like us' from the local areas, reflecting the people who use the services.

and end of engagement with a client, which gives an indication as to what progress has been made. In April they will have the first data from real clients. This information will be linked with the other data that is being collected on how many people are being referred to them, and why they want to use the service. When the commissioner meets with the providers, they talk through the data and it is already being fed into the corporate services system to influence future service provision.

*“It’s building up a picture of what works and what the issues are that we need to look at.”*

**Salford:** The main aim of the programme is to improve the resilience of the people that it engages with, to better manage their health, lives and family. It is incredibly complex to measure, the programme is working with social accountants to assess this, they are already aware that financial proxies will not work for all the outcomes. They used a social accounting methodology to measure the agreed indicator framework. This was developed by the Big Life Group, and measures key outcomes such as the recruitment of ‘coaches’ and the goals achieved by the service users.

In terms of measuring the impact of social value for the whole of Salford, the borough is looking at measuring the overall benefit rather than outputs. They know local procurement has become more local, with less financial leakage from the authority and they have used the Local Multiplier 3(LM3) approach to monitor the link between economic and social growth.

*“Knowing how to and what to measure is hard. What’s appropriate, in what circumstances and finding the time and opportunity to reflect on it, it’s incredibly tempting to not to give it enough time.”*

>> There is obviously value in having an individual/team responsible for monitoring the social value conditions of contracts in that it ensures that all social value data is collated in one place. However this may make it more difficult to embed social value across teams and more widely if it is easier for individuals to pass on the responsibility of social value to a ‘social value lead’.

>>Involving the provider in developing a suitable measurement tool or framework ensures that it is useable and proportional. However commissioners must be aware that this may require additional resources for providers both in terms of capacity and finances.

>>It was acknowledged that some things are impossible to measure, but in those circumstances it is possible to use stories instead to reflect the experience and outcomes.

>> One provider warned of gathering too much data, which made it difficult to know what was most useful.

>>There was a general consensus that over complicated tools do not work.

>>Measures which give financial proxies are not always useful, *“When you tell Cabinet members about it, they want to see the savings, they want to know where the actual money is!”*

## 2.4 THE IMPACT OF SOCIAL VALUE

**Shropshire:** Live data on the impact on individuals, will be available in April. The provider has already delivered on one of the social value outcomes of the contract by winning new funding and drawing new resources into the region. The contract has also positively changed the way the VCSE works in the region, working as a consortium they are now more able to deliver larger public sector contracts and more resilient to political and financial changes.

**Halton:** The HCCG contract has not yet been commissioned but the local authority is applying social value to every contract where it is felt to be proportionate and appropriate. So far social value has seen the creation of 40 employment opportunities for the borough and 297 work placement days and these are just two of the many indicators that are measured. Council members can see tangible outcomes from the use of social value in procurement.

**Salford:** For Being Well Salford they know the number of coaches trained and employed from the most deprived areas and the outcomes for individuals engaged in the programme. For example for the programme participants on leaving the service:

- 86% of participants felt more hopeful about the future, 83% of participants felt more in control of their lives,
- 100% of participants who had quit smoking continued not to smoke at follow up,
- At follow up, the number of participants who had reduced their alcohol has gone from 43% to 79%

## **Communication of Impact**

**Halton:** The Council is further developing its reporting processes to include an annual dashboard for reporting publicly and applying financial metrics to outcomes, as well as a delivering social value awareness sessions to council officers. The council intends a wider launch including the introduction of a charter within the Borough once it has more data and information to illustrate the impact commissioning for social value is having.

**Salford:** The borough has had little success at communicating more widely about social value, they have tried press releases but there was no interest from the media. So the focus has been on getting the interested people to do more and do as much as they can. The area is developing a new website to bring together all the work that Salford is doing on social value, but the focus is firstly on making sure they procure successful contracts.

**Shropshire** are building a website to share with others and communicate social value more widely. They have established a common understanding among all the public sector commissioners in Shropshire as to what social value means to them. They are also developing a social value charter which will apply across the Council, CCG and Police and Crime Commissioners. *“What else are local authorities here to do?”*

## Appendices

### Appendix i)

Round Table on Social Value: Measurement and Impact

Questions:

#### **Pre-procurement/Commissioning**

- How did you decide on what would be included in the social value clause?
- Did you undertake any research/consultation with providers/service users? If yes what did you do?
- Did this help build a picture of what provision was out there? did they learn anything new?
- How potential suppliers were engaged when deciding which social value was relevant? What was their reaction and main questions (i.e. did they think the spec could be more ambitious or was too ambitious)?
- Who did this for your organisation? do they have (much) capacity for this type of pre-procurement work?
- Did it influence the service that was being commissioned in anyway?
- Did you consider measurement of the social value clause at this stage?
- What if any, were the biggest challenges at this stage?

#### **Procurement**

- What social value questions were included in the tender? Separate questions or integrated into the main criteria? Specific or generic?
- What weight was given to the SV clause? Why was this weighting chosen? How did that compare to other aspects (how much weight was price given etc)? How does this compare with the standard approach used by the contracting authority or previous approaches for the specific service (e.g. which elements weighting reduced so social value could be scored)?
- How did providers respond? (Did you get the responses you expected? Do you think you could have done it differently?)
- Any providers in the room – what did they think of the process? Did they feel it was the right approach? Right type of additional value for the contract?
- How were bids compared? Were any other methodologies for scoring bids considered? If so, why was the selected approach used?
- What social value did the contracting authority secure from the successful bidder?
- How about the contract management and measurement – was that indicated in the tender documents?
- Did the social value included relate to any strategic document like a social value policy, statement or framework?

#### **Managing the contract**

- Measurement framework - how did you decide how to measure the social value clause? What techniques or tools are being used? Is it a different method to the other deliverables of the contract?
- Proportionality – do you think you've got the balance right between getting the info you need, the scale of the work and effort required to measure it?
- How does it work for the providers? Were they involved in discussions about measurement?
- Did any of the break clauses relate to the social value requirements?
- If they have a measurement framework - How did you come to specific measurement methodology for each outcome? What other approaches were considered and why was the chosen approach selected? Financial proxies used or not?

- How did / will the contracting authority support the framework to be utilised (embedding in systems and processes and/or staff training etc.)?

### **Social Value Impact**

- Do you have evidence that you're achieving the social value you set out to achieve? If yes – what is it? If not, why not?
- Any unexpected outcomes – additional value you haven't planned for?
- How is the impact being communicated locally?

### **General questions:**

- What's been most challenging about the process?
- What additional support would have been helpful to have and when?
- What next for social value for you? Any reflections from the contracting authority on whether or not this will influence other procurements or feed into wider system change?
- What one piece of advice would you give to a colleague or peer in a similar organisation to make their work a success?

## **Appendix ii)**

### **Round Table attendees:**

Anne Lythgoe, Health and Wellbeing Board and Strategy Manager, Salford City Council

Simon Kweeday, Performance and Projects Manager, The Big Life Group (Being Well Salford provider)

Neil Evans, Commissioning Manager, Commissioning Development and Procurement, Shropshire Council

Tareza Hayek, Partnership and Development Manager, Citizens Advice Bureau, Shropshire

Elaine Roberts-Smith, Procurement Category Manager, Halton Borough Council