

Clinks Briefing on Public Services (Social Value) Act

January 2013

Introduction

The Public Services (Social Value) Act was passed in March 2012 and will come into force on 31st January 2013. The Act introduces a statutory requirement for public bodies to consider Social Value at the pre-procurement stage of commissioning services.

The Act applies to all public services contracts. Section 3 of the Act states that before procuring a service, the authority must consider:

- (a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
- (b) how, in conducting the process of procurement, it might act with a view to securing that improvement.

This short briefing details what is meant by Social Value, how it can be measured and explore what the Act will mean for Voluntary and Community Sector (VCS) organisations.

What is Social Value?

There is no universally accepted definition of Social Value. Demos state:

*'Social value' refers to wider non-financial impacts of programmes, organisations and interventions, including the wellbeing of individuals and communities, social capital and the environment. These are typically described as 'soft' outcomes, mainly because they are difficult to quantify and measure.*¹

The Act highlights that Social Value takes into account the additional social, environmental and economic benefits given to communities **beyond the outcomes delivered by the service**. It is a subjective concept that will mean different things to the different stakeholders involved in the procurement process. As such, stakeholders will be required to discuss and decide what is of value in a particular circumstance.

It is important to note that Social Value is a broader concept than 'outcomes' and should require commissioners to consider and measure the wider positive and negative effects that will arise from the procured service, on the people and the local area or environment.²

¹ Demos (2010) *Measuring social value: The gap between policy and practice*. Online: http://www.demos.co.uk/files/Measuring_social_value-web.pdf [last accessed 28.1.2013]

² Defined as 'changes in people, the environment, or the community that arise from your activities' in NAVCA (2012) *Social Value: Briefing 2- Measuring Social Value, Social Value and Impact*. Online: <http://www.navca.org.uk/socialvaluebriefings> [last accessed 31.01.2013]

The relevant area

Within the Act, relevant area is defined as the whole area in which the authority or public service primarily operates. If a contract is commissioned directly for one location only, the authority will need to take account of the impact this will have on the wider geographical area they are responsible for.

Measuring and demonstrating Social Value

The Act does not specify how to measure Social Value; VCS organisations will find helpful guidance about this in a briefing published by the National Association for Voluntary and Community Action (NAVCA).³

Implications for the VCS

As Social Value is to be taken into account at the very start of the procurement process, it is advised that consultation with relevant stakeholders, including VCS organisations, takes place to shape the commissioning process. Recent guidelines published by the Cabinet Office state:

*Consultation will be particularly relevant when considering procurements for services which are delivered directly to citizens. The voluntary and community sector, along with other providers and interested groups, should be engaged from the earliest stage to help shape policies, programmes and services.*⁴

Engaging with public service commissioners in this way is an excellent opportunity for the VCS to ensure that the needs of marginalised groups, including offenders and their families, are considered and met by the services that are provided. It is therefore critical that the Sector does engage in this way. By taking account of Social Value it is also more likely that the needs of marginalised groups will be addressed by the commissioning process.

However, it should be noted that the Cabinet Office guidelines also state, 'The Act does not prescribe how the results of the consideration of these impacts and feedback from any accompanying consultation should shape any procurement which is undertaken.'

As there is currently no agreed definition of Social Value, it is unclear how organisations can most usefully evidence the wider benefits for service users and the community of different approaches to procurement. Detailing the Social Value of particular services and approaches could therefore be problematic.

³ NAVA (2012) *Social Value: Briefing 2- Measuring Social Value, Social Value and Impact*, Online: <http://www.navca.org.uk/socialvaluebriefings> [Last accessed 30.01.2013].

⁴ Cabinet Office (2012) *Procurement policy note-The public services (Social Value) Act 2012: Advice for commissioners and procurers*. Online: http://www.cabinetoffice.gov.uk/sites/default/files/resources/Public_Services_Social_Value_Act_2012_PN.pdf-web.pdf [Last accessed 30.01.2013].

The South West Forum provides some solution to this and outlines how commissioners and 'social purpose organisations', many of whom will belong to the VCS, can ensure that Social Value is successfully embedded in the commissioning process:



Source: South West Forum (2012) *Social Value*⁵

Case Studies: How to show Social Value

As has already been highlighted, both measuring and demonstrating Social Value will be challenging. The National Council for Voluntary Organisations (NCVO) have published six case studies demonstrating how the VCS can demonstrate Social Value in the services they provide.⁶

⁵ South West Forum (2012) *Social Value*, Online: http://southwestforum.org.uk/sites/default/files/u1760/social_value_report.pdf - web pdf [last accessed 30.01.2013]

⁶ NAVCA (2013) *Social Value*, Online: <http://www.ncvo-vol.org.uk/policy-research/public-services/what-we-believe#commissioning> [last accessed 30.01.2013]

Further information

Background information

<http://www.navca.org.uk/social-value-bill>

<http://www.bevanbrittan.com/articles/Pages/SocialValueAct2012.aspx>

Useful briefings

<http://www.navca.org.uk/socialvaluebriefings>

Feedback

Clinks welcomes any comments or queries about this briefing via the online [Clinks Network](#) or by emailing Nicola Drinkwater, Policy Assistant (Nicola.drinkwater@clinks.org).

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