



What is 'social value' and how to plan it?

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Background

The term 'social value' is widely used in England, despite there being no legal or commonly accepted definition of what the term means.

An [Institute of Economic Development \(IED\) report](#) recently recommended that construction agrees a definition of social value, and what activities are within scope, around the same time as UK Green Building Council announced [a new task group](#) to develop a definition of social value for the built environment.

In Scotland, Wales and Northern Ireland stakeholders typically create 'community benefit' rather than social value. This term is easier for people to understand.

Many businesses and organisations have learnt to live with the messiness caused by conflicting terminology and lack of definition, scoping activities according to context and what they can do within it. Indeed, I have helped many to do so.

Lack of clarity on definition and scope, however, means that:

- value and benefits aren't necessarily optimised across communities and through value chains; and
- some companies and organisations choose to do nothing at all.

We're at a point in time where we simply can't afford to waste opportunities to generate social value nor community benefits. [Professor Monder Ram](#) expressed the situation succinctly when he told me: "Three seismic changes are afoot: Covid-19, BLM and Brexit. They starkly reveal the persistence of deep-seated inequalities and the need for systemic change."

And there are significant opportunities. #Buildbackbetter is being widely exclaimed (albeit without clarity around how), the [£5bn 'new deal' to build homes and infrastructure](#) has been announced, companies and organisations are fundamentally reassessing their purpose and reshaping 'business as usual'.

This document compiles my understanding, as a practitioner, of definition and scope and how to plan for social value. I'm sharing it to:

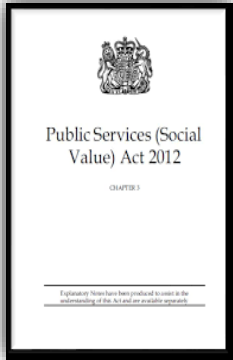
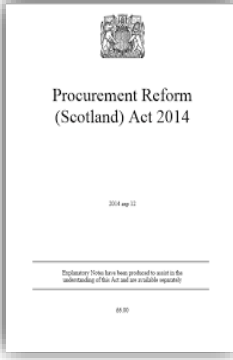
- Help those companies and organisations who seek definition, scope and/or an approach to moving forward; and
- Contribute to the body of knowledge that might result in an agreed definition and scope.


Current definitions and scope of social value

Let's start with scope. I've published three articles on LinkedIn that outline activities and actions relevant to social value:

- [How to create social value in communities living with Covid-19](#)
- [Optimising environmental performance in a world living with Covid-19](#)
- [Optimising diversity of supply base in our new normal](#)

Now let's tackle definition. Table 1 (below and over 3 pages) provides current UK explanations of social value and equivalents. Some of these begin to move into scope through being accompanied by dimensions, outcomes and indicators.

Source	Statement(s) or approach
Standards	
British Standard (BS) 8950 Social Value - Understanding and enhancing — Guide (2020 draft)	"Social value is created through the generation of personal and collective wellbeing over the short and long term. Social value therefore depends on, and is an outcome of, environmental and economic sustainability"
Legislation	
The Public Services (Social Value) Act 2012	 <p>The Act requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits...whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.</p>
The Sustainable Procurement Duty within the Procurement Reform (Scotland) Act 2014	 <p>Requires consideration of how to (i) improve the economic, social, and environmental wellbeing (ii) facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses and (iii) promote innovation.</p> <p>Also, that a Procurement Strategy must include a statement of general policy around (a) the use of community benefit requirements (b) consulting and engaging with those affected (c) the payment of a living wage (d) promoting compliance with the Health and Safety at Work etc. Act 1974 (c.37) (e) fairly and ethically traded goods and services; and, in the provision of food, to promote the highest standards of animal welfare.</p> <p>The Act contributes to delivery of sixteen National Outcomes, measured by 81 National Indicators</p> <p><i>Note: the term 'social value' is not explicitly used</i></p>

<p>The Wellbeing of Future Generations (Wales) Act 2015</p>		<p>The Act is about improving the social, economic, environmental and cultural well-being of Wales through seven goals. Progress is measured using 46 indicators.</p> <p><i>Note: the term 'social value' is not explicitly used</i></p>
<p>Organisations and businesses</p>		
<p>HACT Social Value Bank and Calculator</p>	<p>HACT advocate identifying community (i.e. social) <i>impacts</i>, in terms of changes to wellbeing of people resulting from investment or interventions and then applying monetary (£) values; where these values follow HM Treasury Green Book and Magenta Book guidelines and so are and are consistent with policy evaluation methodology in all other OECD countries and international organisations like the World Bank and United Nations. Thus 'social value' is calculated. Users of other Social Value Banks created by Simetrica Jacobs also work to these principles.</p> <p><i>(i.e. 'social value' is calculated by monetising 'social impacts')</i></p>	
<p>Social Value UK</p>	<p>"Social value is the quantification of the relative importance that people place on the changes they experience in their lives"</p>	
<p>Social Value Portal</p>	<p>"Social Value serves as an umbrella term for [economic, social and environmental] effects, and organisations which make a conscious effort to ensure that these effects are positive can be seen as adding social value by contributing to the long-term wellbeing and resilience of individuals, communities and society in general"</p> <p>Sets of themes, outcomes and measures (TOMS) are provided.</p>	
<p>Institution of Civil Engineers (ICE) / Useful Projects</p>	<p>"The additional, wider benefits that can be created by organisations and projects, for individuals, communities and local businesses"</p>	
<p>UK GBC</p>	<p>UKGBC identifies how new developments provide the opportunity to deliver specific social value outcomes related to:</p> <ul style="list-style-type: none"> • jobs and economic growth • health, wellbeing & the environment • strength of community 	
<p>RIBA Social Value Toolkit for Architecture</p>	<p>The Toolkit identifies 5 dimensions of social value in the context of the built environment:</p> <ul style="list-style-type: none"> • Jobs & apprenticeships • Wellbeing generated by design • Designing with the community • Learning developed through construction • Constructing buildings using local materials 	

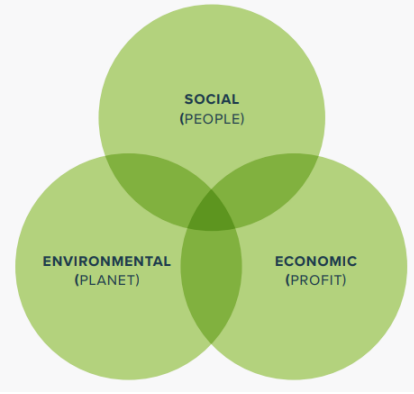

<p>Supply Chain Sustainability School Partners</p>	 <p>Some Partners, in 2020, use the term 'social value' where they might have previously used the words 'sustainability' or 'sustainable procurement', considering it to encompass all of three of the Brundtland Commission's pillars of sustainable development (social, economic, environment) whereas back in 2016 they equated it just with the 'social'.</p> <p>Some align 'social value' with some or all 17 United Nations (UN) Sustainable Development Goals (SDGs).</p> 
<p>Greater Manchester Combined Authority (GMCA)</p>	<p>GMCA's social value policy uses Social Value Portal's definition (above) and states objectives to:</p> <ul style="list-style-type: none"> • promote employment and economic sustainability – tackle unemployment and facilitate the development of skills • raise the living standards of local residents – working towards living wage, maximise employee access to entitlements such as childcare and encourage suppliers to source labour from within Greater Manchester • promote participation and citizen engagement - encourage resident participation and promote active citizenship • build the capacity and sustainability of the voluntary and community sector– practical support for local voluntary and community groups • promote equity and fairness – target effort towards those in the greatest need or facing the greatest disadvantage and tackle deprivation across the borough • promote environmental sustainability – reduce wastage, limit energy consumption and procure materials from sustainable sources <p><i>Note: other client organisations have social value policies, or equivalents, that state their local objectives.</i></p>

Table 1: Current definitions and explanations of social value

What social value is *not*

Consensus is emerging that legal and regulatory requirements should be managed as 'business as usual' and not count towards net social value generation. Activities that go over and above compliance to enhance people's wellbeing, however, can be within the scope of social value. Examples are provided in table 2.

Issue	Relevant regulation or legislation	What social value isn't	Example of what social value could be
Modern slavery	Modern Slavery Act 2015	Managing risk of modern slavery in supply chains as required by the Act	Promoting fair labour standards in own workplaces and in supply chains (which goes beyond the Act)
Equality and anti-discrimination	Equality Act 2010	Eliminating discrimination etc. in workplace management and service delivery, as required by the Act	Promoting an inclusive workplace culture, where everyone is supported to be their best, according to their needs (which goes beyond the Act)
Health and wellbeing	The Health and Safety at Work etc Act 1974	Protecting workers and others from risk to their health and safety, as required by the Act	Promoting good mental health and wellbeing, for example by helping workers to manage stress and having Mental Health First Aiders to reach out to anyone in distress (which goes beyond the Act)
Environmental management	Environmental Protection Act 1990	Management of waste and emissions, as required by the Act	Enhancing the quality and availability of green spaces for people (which goes beyond the Act)

Table 2: Examples, in relation to specific legislation and regulation, of what social value is and is not



How to plan for social value

Here is my 5-point plan for business or organisation to plan an approach to social value. It's particularly tailored for small and medium enterprises (SMEs), because they make up the vast majority (99.9%) of UK private sector businesses.

1. Don't sweat a definition. Consider, broadly, how you can optimise your positive social impacts and manage or mitigate your negative impacts on the full range of stakeholders affected by your activities (e.g. your direct employees, agency staff, employees in supply chains, people in communities within which you operate). Map and assess risks and opportunities. You only need mention the term 'social value' if you intend to monetise those social impacts or if someone else (e.g. a client) is encouraging you to.
2. If you have current or potential clients and customers who expect you to deliver social value and community benefits or social value, understand what they mean by that. For example, what are the objectives, desired outcomes and/or targets they expect you to help deliver?
3. From 1 and 2, you will have scope. Shape objectives and any targets and plan to deliver them – what will be done, by who, when and what success will look like etc.
4. Establish processes for measurement. Aim to record what resources and time you put in ('inputs') to your social value work, the outputs ('products') achieved and the outcomes and impacts they create – including the difference activities make to individuals. You might need to use surveys to understand change. If you are to monetise impacts, be clear how.
5. Keep your approach to managing environmental impacts distinct from social impacts. This is because:
 - o The two typically need different processes to implement.
 - o Bundling 'social' and 'environmental' together risks losing focus on key business issues such as adaptation to climate change, circular economy, carbon and aiming for net zero carbon emissions by 2050.

**Our communities need us to optimise our social value now, more than ever.
Please share this if you find it helpful. Message me if you're looking for help.**



Supply Chain Development Ltd

Sustainability – social value – supply chains

We enable clients to understand best practice, then exceed it.

We've been generating, measuring and reporting community benefits and social value since 2002. info@supplychainfuture.co.uk