

Social Value Matters

Ten questions council scrutiny can ask about social value

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Centre for Public Scrutiny

The Centre for Public Scrutiny's (CfPS) purpose is to improve lives and places through effective governance and public scrutiny. We work with a wide range of organisations, people and places to support them in developing a culture and ways of working which incorporate challenge, scrutiny and involvement. We also provide consultancy, training and policy support which gives people the skills, knowledge and confidence needed to design and deliver good governance.

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Social Value UK

Social Value UK is the national network for social impact and social value. Social Value UK is a member of the global network Social Value International. Our members share a common goal: to change the way society accounts for value. Social Value UK works with our members to embed core principles for social value measurement and analysis, to refine and share practice, and to build a powerful movement of like-minded people to influence policy.

More information is available at www.socialvalueuk.org

CONTENTS

Why social value is important to good scrutiny	4
What is social value?	5
Ten questions to ask about social value	6
Conclusion	9

WHY SOCIAL VALUE IS IMPORTANT TO GOOD SCRUTINY

Key messages

- **The most effective decisions are likely to be those that consider social value as well as financial cost.**
- **Working with people and communities to understand the changes they experience, together with the relative values of those changes, is a fundamental part of establishing social value.**
- **Council scrutiny can add value by bringing a reality check to social value policies and practice.**

Public services are facing a common challenge – how to spend public money in ways that meet society’s needs and deliver better outcomes for people and communities, not just for now but for future generations. Using scarce resources to deliver clear outcomes for people who use public services is at the heart of good decision-making. But unless there is an idea about the expected outcomes from decisions, together with a judgement about whether those outcomes are the right ones or worth the investment needed to make them happen, there is a risk that money is invested in ways that do not create as much social value as possible.

It has always been important to think about ‘value’ in this context, not just for people who use services but taxpayers as well. Public leaders, whether they are political or managerial, need reassurance that every part of their organisation is contributing effectively to improving outcomes. This is more important than ever now that there are budget and performance pressures across the public sector.

Discussions about ‘value’ often focus on financial cost - but what assurance is there that wider social benefits have been considered when thinking about investing in the actions necessary to achieve outcomes? Or when decisions are made about reducing services or eligibility to access services, what certainty is there that wider social impacts have been considered?

Effective scrutiny can help with this and social value should be embedded in to councils’ scrutiny work – not just scrutiny of councils’ own services but also scrutiny beyond organisational boundaries. Scrutiny can be part of a process to encourage change in the public sector, provoking decision-makers to reflect on the assumptions that sit behind commissioning, procurement and delivery decisions and the way outcomes and value are measured.

Five years on from the Public Services (Social Value) Act¹, which set a legal requirement on public bodies to consider economic, environmental and social benefits when procuring services, the time is right to re-emphasise that social value needs to be viewed as a tool to facilitate discussions with partners and with communities about how to build social benefits into services as well as delivering value for money.

The 10 questions set out in this practical guide are intended to help people with a scrutiny role to understand how considering social value can impact their work and the recommendations they make, increasing their influence with decision-makers and the impact of scrutiny on the well-being of communities.

¹ The Department for Digital, Media, Culture and Sport published a guide to the Act in April 2018
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690780/Commissioner_Guidance_V3.8.pdf

Examples of social value

- **Investing in community transport maintains older people's independence.**
- **Improving educational attainment increases social mobility for young people.**
- **Building good quality housing improves people's health and wellbeing.**
- **Providing opportunities for apprenticeships increases future employment opportunities.**
- **Encouraging volunteering develops skills useful for employment.**

WHAT IS SOCIAL VALUE?

Social value relates to changes that happen in people's lives. The actions of organisations in the public, private and voluntary/community and social enterprise sectors cause these changes. To make decisions that increase social value, it's not enough to know what these changes are or even the amount of changes that occur. Decision-makers need to decide which changes they will manage and, as well as how much change happens, they need to know the duration and the extent to which their actions caused these changes. People experiencing changes may not think the changes are equally valuable to them and so decision-makers also need to know the relative importance of these changes from the perspective of different people. Taking these factors into account will help make decisions about which changes to manage.

Social value is the quantification of the relative importance of the material changes in people's lives caused by the actions of a range of organisations. A principles-based approach to accounting for and managing social value is important and ten central questions can help provide assurance that social value is central to effective governance. These questions are a useful framework for scrutinising how social value has been considered in making decisions. In addition, it is critical that the people who experience the changes are involved in deciding what these changes are and how important they are to them.

There are several approaches available for managing social value, for example Social Return on Investment and Cost Benefit Analysis. Each different approach can help answer some or all core questions.

Finally, whoever is using this information will need to know that the answers are good enough for them to make decisions. All these questions can be answered at different levels of rigour, from 'back of an envelope' to a 'university led research programme'. A key part of scrutiny will be assessing whether the approach is good enough for the decision. This doesn't mean that people with a scrutiny role need to be experts in social value, but there should be transparency and clarity over why the choice of approach is good enough.

TEN QUESTIONS TO ASK ABOUT SOCIAL VALUE

In terms of scrutiny, the following questions can help to provide assurance that decision-makers have good enough insight about social value before making decisions:

1. What issue are we trying to tackle?
2. What is our proposed action to tackle the issue?
3. Who experiences changes in their lives resulting from what is done?
4. What changes are (or likely to be) experienced?
5. How can we measure these changes?
6. How much of each change has happened (or is likely to happen)?
7. How much of each change is caused by our actions?
8. How long do we need to measure the changes for?
9. What is the relative importance of the different changes?
10. Which changes matter and are important enough for us to manage?

What issue are we trying to tackle?

Understanding social value is important in the context of making decisions. This could be as part of a commissioning process, from needs analysis through to contract management or it could be as part of considering policy decisions in relation to planning or working in partnership. This is the starting point for assessing whether insight about social value is good enough to influence effective decisions. 'Good enough' means reasonably complete and reasonably accurate. Whatever the specific issue, social value is best linked to wider strategy through adopting a specific policy to incorporate social value in to decision-making criteria.

Council scrutiny can add value to effective governance by encouraging councils, other public bodies and other organisations that impact the public to adopt social value policies.

What is our proposed action to tackle the issue?

Whatever the issue, there will be a proposed action to tackle it. In commissioning, this could be to tender a contract to deliver services to meet specific strategic needs and include consideration of social value as part of the service design or as part of the award criteria.

It is always possible to measure and reference social value in some way. The critical question is whether the action creates as much social value as possible given constraints and the resources available. There are various ways of ensuring this, including comparison with reasonable alternative actions or comparing anticipated social value with actual social value created.

A key consideration will be understanding how those expected to be affected have been involved in developing options for actions to be taken. This is sometimes referred to as co-production. It is not difficult to run an involvement process, but it is important to demonstrate how people's views are recorded and why those views have been accepted or rejected.

Council scrutiny can add value to public participation by encouraging councils, other public bodies and other organisations that impact the public to adopt co-production principles.

Who experiences changes in their lives resulting from what is done?

Given that data and information about social value should be reasonably complete and accurate, there should be a clear idea about who is being affected by actions and a recognition that not all changes they experience may be positive. Assessing social value will not resolve situations where different groups experience different changes, but it should make the reasons for decisions more transparent and informed by groups' perceptions of value gained or lost. Decision-makers will need assurance that all those effected were identified and that any social value being lost was not ignored.

Council scrutiny can add value to transparency by testing whether councils, other public bodies and other organisations that impact the public have understood the different changes that might be experienced by different groups.

What changes are (or likely to be) experienced?

There is a risk that the only outcomes that are managed are those that relate directly to the issue and the action – to the goals of the activity. This could mean:

- negative changes in people's lives are ignored.
- insights about additional positive changes are not available to inform design.

Understanding these changes will often be based on a combination of previous experience and qualitative research. A process involving people that are expected to be affected, those that have been affected in the past and that is open during the period actions are being taken, will be required to understand the changes that are occurring.

The first few questions above are designed to help reduce the risk that changes caused by actions are being missed. The next set of questions below focus on the scale of these changes. These could be a forecast – for example bidders in a tender exercise could be asked how much social value they will create. Alternatively, they could be actual performance – for example in contract monitoring.

But there is little point in spending time on forecasting social value if there are no systems in place to monitor actual social value created or comparing actual performance with forecast or tender commitments if there are no consequences for poor delivery.

Council scrutiny can add value to operational performance by bringing a reality check to councils, other public bodies and other organisations that impact the public about how they require social value to be created and measured.

How can we measure these changes?

The approach to measuring social value should be appropriate to the outcomes being measured. There is a risk that outcomes are not measured because of perceived challenges in measurement. There are decisions on what measurement tools to use, how much data is required and what method is used to collect it from people. There are both objective and subjective ways of measuring and either may be good enough and sometimes both will be needed to give decision-makers the assurance they need.

There are many tools available for specific outcomes, for example measuring confidence or isolation. These range from observed behaviour, to scales and validated questionnaires.

Council scrutiny can add value to social value measurement by checking which measures are being used by decision-makers and the reasons why these measures are being used and others have been discounted.

How much of each change has happened (or is likely to happen)?

There will need to be policies and systems to capture and report the amount of change. Organisations may have policies that underpin the involvement of users in design and monitoring and policies on how data is collected, when and with what frequency. In the same way as they will have a financial accounting system, they will need somewhere to manage and store the data they collect.

Council scrutiny can add value to data collection and analysis by asking who is involved in impact measurement, how and when they are involved and how organisations impacting the public use the data they collect from involvement activities.

How much of each change is caused by our actions?

There is no point spending resources to deliver outcomes that would have happened anyway. The risk that this could be happening will be reduced by comparison. This could be by asking people to compare what they think would have happened or by reference to a control group. This doesn't mean that a randomised control trial is the only solution. It may be possible to access national datasets, for example on employment and asking people what they think would have happened can provide information that can help improve services. As usual the approach will depend on the level of assurance required.

Council scrutiny can add value to effective social value measurement by checking how changes are compared with what might have happened without the actions of organisations.

How long do we need to measure the changes for?

There will need to be a decision about how long the information will be collected. If the outcome is employment, how long does the employment need to last? There is a risk that if people lose jobs shortly after employment, there will be no social value being created, in fact it could be being reduced. There needs to be some consideration of when the value is being created. Someone who has been unemployed may want to feel that their job is safe or that they have enough experience that will help them get another job.

It will be critical that there is ongoing monitoring and reporting of the social value that was planned and a comparison of what actually happened. Commissioners will need to be able to check that reported social value is accurate and to have considered implications if performance is not as agreed.

Council scrutiny can add value to performance monitoring by asking about the payment triggers in contracts and the sanctions for poor performance.

What is the relative importance of the different changes?

For decision-makers to choose between different actions, it will be necessary for the relative importance to be decided by those affected. Again, the way in which this is done needs to be good enough for the decision. Cost benefit analysis addresses this question but generally at a high level of rigour and a level that may not always be necessary. There are other ways that this can be done starting with simply asking stakeholders to rank, or score out of ten, the outcomes they experience. Again, the important issue is that the approach is appropriate for the decision.

One of the changes, for the organisation delivering a service in a new way, could be cost savings, that can be used to create social value for others. Inevitably, there will be times when value for one group is being compared with value for another group. Considering the relative value of the outcomes will make this comparison more transparent and informed by the views of those affected.

Council scrutiny can add value to equity by checking whether decision-makers have understood and can communicate the relative difference in changes experienced by different groups.

Which changes matter and are important enough for us to manage?

Finally, decision-makers need assurance that all material outcomes have been included in their considerations. The above questions will reduce the risk that outcomes are not identified but, given that not all changes can be managed, a transparent process with reference to thresholds will be needed to ensure that decisions to exclude any changes are reasonable.

Council scrutiny can add value to materiality by providing assurance that the reasons to include some changes and exclude others are reasonable.

CONCLUSION

Every organisation that impacts the public should be thinking about how their decisions and actions can generate social value and create the conditions where strong, resilient communities can flourish.

A strong economy requires happy, healthy people – council scrutiny is ideally placed to ask questions of decision-makers about how their actions are helping to build social value not just for now, but for future generations.



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