

## It's time to value people. 3 step-change

For too long organisations have measured success only through traditional means of accounting. But not everything is captured with a £ sign, what of the broader picture? By measuring environmental and social value, organisations have a more complete picture to inform their actions.

SVUK does not suggest how an organisation should act. But we do believe you should be aware of your positive and negative impact on people, because they are your staff, your service users, your customers. Can a council really make good decisions without involving stakeholders? Can a business make the right calls without understanding what is important to their customers? We don't think so.

The UK is leading the world in recognising the importance of social value, but unfortunately an output-focused, tick box approach has developed. We believe it misses key indicators and can sometimes lead to worse outcomes.

We want to change this.

### 2 Upgrade Planning Obligations (section 106)

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Section 106 orders need to come from a more informed place, with robust stakeholder engagement. SVUK advocates Social Return on Investment forecasts or similar, allowing both developers and councils to establish what is important for stakeholders before a development is agreed. This would lead to smoother planning processes and greater social cohesion.

### 1 Understand Employee Wellbeing

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Mandatory annual wellbeing accounts for organisations with 50+ employees

It would represent a positive move towards tackling the rising number of mental health conditions in the UK and associated state welfare costs.

It would encourage organisations to evaluate the success of their wellbeing programmes, tackling the UK's chronic low-productivity problem and widely-reported recruitment/retention issues.

### 3 Reformed Social Value Model

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The current model enables a box-ticking approach, with few checks and balances to understand the impact or outcomes of actions. SVUK wants to see qualitative and quantitative forecasting and evaluations, aimed at stopping repeated failures to deliver public contracts well, while also enabling SME/VCSEs to compete.

# 1 Wellbeing at Work

HR Policies in the UK need to be reformed. We need to progress from antiquated attitudes towards bereavement and addiction to more practical approaches, while also finally recognising issues impacting women.

Just 5% of UK firms currently have a domestic abuse policy, despite 1 in 4 women and 1 in 6 men experiencing it at some point in their lives, according to the ONS.

Why is this relevant? If HR and wellbeing policies were built out from stakeholder engagement (our first principle), they would be responsive to such problems impacting staff. They would enable issues to be picked up earlier, provide managers with the resources to assist an employee through a difficult time, instead of overseeing a decline in performance resulting in termination of employment. Further, good social value practice requires regular review. Our framework would have equipped organisations better to deal with the steep rise in people experiencing bereavement during the pandemic and the impact that has on wellbeing and productivity.

In July 2022, the Commons Women and Equalities Committee asked if menopause policies should be made mandatory. In evidence, the Royal College of Obstetricians and Gynaecologists argued this was key. However, the Chartered Institute for Professional Development (CIPD), argued this risked a tick box approach and stated “Actions on the ground are the most important to enable real change”. The issue is a vital one to address, the committee report cited a BUPA survey of 1000 women revealing 34% felt too embarrassed to discuss symptoms with an employer; while an extrapolated figure suggested nearly 1 million UK women had left work because of menopausal symptoms. Regardless of the moral question, can organisations really afford to keep losing experienced, skilled staff because as a nation we have failed to get past an antiquated attitude to female health?

Mandating certain policies is not enough, they must be produced cohesively with stakeholders.

Many UK employers also fail to support employees falling victim to alcoholism. Employees fear losing their job if they admit to an issue, despite recreational drinking being an accepted part of British culture.

The Dept of Health estimated a £7.3 billion productivity cost in the UK due to alcohol in 2012. In 2017, the BMA found those in employment, notably managerial and professional roles, were more likely to drink frequently and use illicit drugs than those unemployed.

Business lunches and after work socials are commonplace, but when they become a problem, the only answer many employers offer is to show the door. This fails to account for the person, their long-term mental health, their skills and drives the welfare budget up. Social Value UK argues top down HR policies have limited scope and organisations that fail to invest in stakeholder engagement to produce wellbeing policies will ultimately see poorer results.

If the UK Government is serious in its ambition to curb the growing welfare budget and in addressing mental and physical health problems, it must encourage organisations to do better by their staff. Suggestions of tax breaks for wellbeing programmes are of little merit unless there is proper evaluation of their implementation and success. The Social Return on Investment Framework would provide employers with a wide-reaching, stakeholder-led approach. It is not the only method available, but alternatives should ensure proper weighting is given to what stakeholders value.



## Social Return

## on Investment



# 2 Upgrade Planning Obligations

Section 106 is not fit for purpose, with neither local authorities, developers or local people benefitting fully from the stipulations.

From a developer perspective, public engagement should be profitable, and as such mandatory Social Return on Investment forecasts (or similar) could mark a massive step forward.

Such forecasts have been used to great effect in developments across the UK, including Earls Court, London. The construction firm used SVUK member Real Worth to develop a proposal with broad support from the community, after previous developers faced backlash.

Public consultation is already embedded in planning processes, but SROI forecasting would make it a more worthwhile experience for both developer and the community. It would enable developers to understand local needs and desires, to respond appropriately and save time, energy and money by preparing applications more likely to win support first time round.

Developers are also frustrated by the costs involved with financial contributions under S106 or Community Infrastructure Levies, because of perceived inaction by LAs. Councils argue they save funds for large infrastructure projects, rather than build piecemeal, but there is a lack of transparency leading to friction.

Mandatory, independently-assured SROIs could help to inform “live” Town Plans, with developers providing cash-strapped LAs with the data required to enable more flexible, responsive decisions. This would provide greater transparency over where infrastructure is needed, when it will be built and provide an opportunity for multiple developers in an area to collaborate on cohesive plans.

From a local authority perspective, SROI forecasts would evaluate the needs of their electorate and reveal the shortcoming of a developer’s bid (the SROI framework is designed to reveal negatives outcomes too). SROIs would identify where schools, surgeries and commercial facilities are needed, as opposed to arbitrary estimates, with little impact assessment on existing facilities.

Under the Free School and Academy education system, many schools were built in direct competition with existing schools, destabilising established providers and failing to meet admission needs.

From a community perspective, there is a distinct disconnect between local people and planing procedures. There is both apathy to and a lack of awareness of consultations, but a simultaneous dismay at applications being pushed through by HM Planning Inspectorate on appeal.

Firms should also have to provide publicly available evaluations of their developments over a specified period of time. This could cover everything from employment, training and education provided during the build, to ensuring that affordable housing requirements are met. Developers all too often use Financial Viability Assessments to alter the percentage of affordable housing they deliver at the end of the build.

Previous attempts to overhaul Section 106 have raised concerns over how else to meet social and affordable housing targets. But SROI forecasting would assess requirements in a local area, while mandatory evaluation would hold a developer to account for delivery.

Such evaluations could be used by (other) local authorities as a benchmark for a developer’s reputation, encouraging a high standard end product. It would move beyond outputs of housing units built, to outcomes such as meeting housing and employment needs.

# 3 Reformed Social Value Model

PPN 06/20 advanced the case for social value beyond that stipulated in the Social Value Act 2012.

However, its application has led to box ticking and its rigidity has thrown up problems around equal opportunity employment and delivering true social value. The current model further requires updates because of its focus on Covid-19, including social distancing measures.

The current model is output focused, meaning government contracts are assessed by a list of prescribed demands, which do not reflect the needs of stakeholders nor qualify the extent of success.

For example, should an organisation commit to hiring ten apprentices, this would qualify as creating good social value. But there are no checks and balances to understand if those apprentices made it passed the first day, whether they secured qualifications or if the apprenticeships led to future employment.

Should the government adopt a more robust system for assessing bids and outcomes of contracts, it would provide better value for taxpayers, as well as providing assessors with greater means to evaluate the true worth of a bid.

Organisations across different sectors have expressed frustration with the current social model, suggesting they are penalised for submitting more realistic bids that reflect stakeholder demands.

SVUK believes any change should be cascaded to local authorities, upon successful trial and with appropriate resource, as there is currently no requirement for this. Council assessments are still informed by cost-benefit analyses.

Further, rigid equality-based outputs do not factor in the difference between urban/rural/geographical demographics. Some organisations have also reported issues with compliance between the Equalities Act and PPN 06/20.

The emphasis on favouring bids that include volunteering, also fails to account for what this achieves, e.g. a law firm offering staff for DIY is not as valuable as pro bono representation. Moreover, it gives large organisations that can afford to second staff an unfair advantage. This hampers SMEs from competing.

SVUK would like to work with the government and others to implement a social value model that incorporates Social Value International's Eight Principles - notably stakeholder engagement - and to make it achievable for SMEs who may not have the cash to provide in-depth forecasts when competing for smaller contracts.

The first stage of redeveloping the social model and PPN 06/20 should be to clearly define what is meant by social value and to replace "public benefit" outlined in the Procurement Bill/Act.

Social value, put simply, is impact on people, most readily expressed in impact to wellbeing. Social value practice is taking a measure of the relative importance people place on impacts to their lives and using that data to make informed decisions. It goes beyond outputs and cannot be achieved without strong stakeholder engagement.

By following this definition, organisations will deliver value relevant to society's needs and avoid costly errors.

Moreover, the government should review the approved tools in the marketplace and in line with this updated definition, ensure hitherto unmonitored products truly measure social value and do not simply offer a box ticking approach to allow organisations to compete for contracts without evaluating the impact on stakeholder/taxpayer wellbeing.