



Social Value Report

Connect Hertfordshire

April 2017

Introduction

The Public Services (Social Value) Act came into force on 31 January 2013. It requires people who commission public services to think about how they can secure social, economic and environmental benefits through their commissioning. The principles could also guide other funders of the voluntary sector and any partnership that is bringing together resources to make a difference to communities.

This report is the result of the work led by Connect Hertfordshire to explore how the county's voluntary sector, in partnership with Hertfordshire County Council, could contribute to and agree a Hertfordshire approach to securing social value through commissioning and through how resources are deployed in the County.

Initially, we imagined (and it had also been suggested to us) that our task would be primarily to give a voluntary sector viewpoint on how social value should be measured and perhaps to look at different measurement tools. We quickly realised that this question might be relevant 'further down the road', but we needed to take several steps back to first base and give a voluntary sector viewpoint on the kind of fundamental approach or framework we would like to see in Hertfordshire to implementing the Act and securing social value.

Through various stakeholder groups and workshops, we have looked at how the voluntary sector understands social value, the case for securing it, the enablers and blockers to doing so and how the voluntary sector, statutory and public sectors can work together to shape and implement an approach that would work well in Hertfordshire.

In summary, we concluded that the aim should be to create a Hertfordshire Social Value Framework, which should:

- Be a catalyst (and not a distraction) to the implementation and development of the Hertfordshire Compact and the Voluntary Sector Commissioning Strategy. It will be important to draw out the common core between the Compact, the Commissioning Strategy and the Social Value Framework, to achieve a coherent communications package
- Provide an additional lens for seeing *how* to achieve the Compact, the Commissioning Strategy and the various strategies that set out Hertfordshire's priorities (eg the Health and Wellbeing Strategy). The Social Value Framework should not distort or detract from the objectives established in these various strategies, but it will make it easier to see *how* effective commissioning and partnership working can be used to achieve the outcomes set out in the strategies and the Compact
- Avoid 'creating a new industry' around the implementation of the Social Value Act. The Framework should primarily lay out some golden rules that can help everyone to 'get their thinking straight'
- Be practical about how to seize the inherent opportunities within commissioning and partnership working to achieve the social, environmental and economic outcomes that matter to service users and communities
- Be capable of being applied flexibly, because the inherent opportunities to achieve social, environmental and economic outcomes will vary from case to case
- Raise ambitions by showing how more can be achieved through effective partnership working to seize opportunities to achieve the outcomes that matter to service users and communities – while remaining realistic. Seizing such opportunities can result in '2+2=5' but not '2+2=20'!

We are excited about the prospect of a Social Value Framework that acts as a catalyst, provides an additional lens and helps us all to get our thinking straight. When we considered commissioning and partnership working through this lens, in order to produce this report, our discussions were creative and constructive – pinpointing what was already working well in Hertfordshire (and needed more emphasis) and also identifying areas for development. Later in this note, we capture these findings and suggest they should be addressed in Hertfordshire’s Social Value Framework.

What is social value?

This question was considered throughout our deliberations – at a widely-attended stakeholder workshop in June 2016, subsequent smaller workshops and by the steering group for this project. While it was relatively easy to grasp that the concept conveyed an emphasis on the social (also economic and environmental) gains from any activity, frequent questions were:

- ‘What is the difference between social value and social impact and how do they relate?’
- ‘How does social value relate to best value and value for money?’
- ‘Where does social value fit into the commissioning cycle?’

Participants in the discussions also noted that the introduction of the social value legislation coincided with an increasing emphasis on commissioning based on outcomes, rather than outputs or inputs. This was felt to be an important part of the context. Here is how we see the evolution.

Contract award criterion	Theoretical aim	In practice	Typical specifications
Value for money (1980s)	Value for money	Too often, specs & contract awards on lowest price	Typically input-based
↓			
Most economically advantageous tender	EU rules term for value for money	Too often, contracts awarded on lowest price	Initially input-based, evolution towards outputs and outcomes
↓			
Best Value (late 1990s onwards)	VFM – with more weight for quality	Initial success in increasing focus on quality, but pressure on LA budgets in some places now threatens quality & viability	Initially output-based, but evolution towards outcomes-based
↓			
Social Value (2010s onwards)	More focus on social, economic & environ impact	Support for the principle, but more clarity needed about how commissioners will seek and find social value	More focus on the outcomes to be achieved through commissioning

We concluded that the most helpful definition of Social Value within commissioning is:

Social Value is a new way of describing the basis on which the winning bid can be chosen. The bidder making the optimum social (environmental and economic) impact should win the tender, so long as the commissioning process asks for it appropriately and recognises it accurately.

We also discussed how, where securing social value is the aim, this must drive every part of the commissioning process, from the initial planning, through the procurement phase into the management of relationships and the evaluation and learning.

The underlying principles also hold true outside formal public sector commissioning processes, in any context where decisions must be made about allocating resources and deciding on the most effective solution.

A drive to secure social value – and especially sustained social value – should entail a more explicit focus on securing the abstract nouns that matter (the nouns that succeed in making 2+2=5):

- Trust
- Partnerships
- Shared journeys
- Shared design

We recommend that Hertfordshire’s Social Value Framework should give practical advice on how to secure these abstract values within the commissioning process. This note goes on now to highlight suggested practicalities to emphasise.

ACTION POINT FOR CONSIDERATION: Agreed Hertfordshire language around social value

It was suggested that an agreed language for commissioners, funders and service providers to refer to when talking about social value. As well as a simple Hertfordshire definition of social value (as proposed above) to help increase understanding and awareness, it was suggested that a glossary of other similar terms (outcomes, outputs, impact etc.) including practical examples to help illustrate them would also be useful. The glossary could then be integrated into the compact and used to enable a consistent approach across all sectors.

What kind of framework do we recommend?

Social value can be achieved in such a wide variety of ways that measuring it can present a challenge. There are a range of tools already available but they can vary hugely from those that attribute a financial value to activities and services to others that take a much wider range of factors into consideration.

ACTION POINT FOR CONSIDERATION: Learn from the approach in Brighton and Hove District Council, which has also created a framework, rather than focusing on measurement tools

Hertfordshire County Council encouraged us to look at what other local authorities had been doing to implement Social Value. We deliberately left this task until the end of our exercise. Having run our consultations and workshops, to determine the kind of approach that we believe would work well in Hertfordshire, we then then looked to find an authority that had taken a similar approach.

Our consultations and workshops have led us to call for a framework that explains, in practical terms, the techniques at every stage of the Commissioning Cycle what will help to secure the social, economic and environmental outcomes that matter.

The framework in Brighton and Hove is the closest match to what we have in mind.

Social Value and the commissioning process

The workshops and focus groups enabled the voluntary sector to identify where the commissioning process is hindering the sector from putting its best foot forward or where opportunities for securing social value are being missed. It was agreed as important to have an open and honest discussion about where all parties could develop their policies and practice. The consultations and workshops looked at each stage of the commissioning cycle (illustrated below) and suggest developments in how each stage of the process could be handled, in order to secure social value more effectively.



1) **Setting and Sharing the Strategy:**

- a. It is vital for the voluntary sector to contribute to strategies relevant to their work and expertise. The voluntary sector needs to be more proactive and the public sector needs to create the conditions for high quality and evidence-based voluntary sector input
- b. Opportunities to feedback – improved understanding of the political landscape, decision making process and various opportunities of how to feedback e.g. talk to the relevant cabinet members as well as officers and make better use of local councillors
- c. Awareness of strategies wasn't always high. While the information is out there, the voluntary sector don't always know how or where to find it. Improved awareness and knowledge of relevant strategies should result in improved bids

Sharing risks, seizing opportunities, avoiding naivety:

- d. The voluntary sector needs to strengthen its understanding of public sector decision-making, including the political dimension
- e. The public and voluntary sector need to work together on a basis of trust to manage the current public finances / affordability challenges. Above all, the public sector needs to resist the temptation to commission in ways that incentivise providers to bid on the basis of lowest price or to submit “gaming” bids, as this distorts markets in the most counterproductive and results in lose-lose. High quality dialogue about making the best use of all the resources in the county can achieve a realistic win-win (‘2+2=5’ but not ‘2+2=20’!)

2) Specifying the service:

- a. Specifications need to be evidenced based and focused on outcomes not outputs in order to maximise social value. It was also noted that links to relevant strategies or data could be included in the specification to help potential bidders
- b. Realistic expectations about what each party can bring to the table, what can be achieved, where the gaps are and sensible provisions about managing the risk
- c. Provider events – these seen as a good idea but a wider audience needs to be encouraged to attend, not just the “usual suspects” or those already commissioned
- d. Creating a safe space for feedback/input – need to cultivate trust between sectors to encourage engagement and allow for openness and honesty in discussions. Making better use of technology to allow for anonymous contribution is necessary.

Choosing the data sets that providers will be required to generate:

- e. Avoid setting expectations around data provision that drain resources and detract from providers’ ability to deliver the services
- f. Data should only be requested if it is useful and will be used
- g. Focus on what is most important –the public and voluntary sector need to work together and agree the most useful data sets. The process needs to avoid focusing on targets that are easy to measure or attribute at the expense of targets that are the most important
- h. Aim for more consistency in the data required by different funders/commissioners – could commissioners and funders work with providers to identify common data requirements?

3) Tender and articulate

- a. Timescales – recognise and allow for the time needed to build effective partnerships and put together quality bids
- b. There is value in the “lived experience” voice in the tendering exercise e.g. client input – noted this is happening already with clients on interview panels
- c. Provide training and support to help to ensure potential providers fully understand the specification and any additional contract requirements
- d. Voluntary sector needs to bring ideas that are evidenced and well thought through, robust not anecdotal.

4) Choosing the best bid

- a. Involving front line delivery people at interview, meet real service users and have visits where possible to ensure contracts go to those best at providing instead of those best able to write a bid and make a presentation – this is a key area for improvement
- b. Allow for innovation – be open and flexible as to the “how” rather than focused on specific methods or inputs.

5) Finalising the contract

- a. It was acknowledged that local councils needed to grow their commissioning expertise outside of the more traditional area such as grounds maintenance and leisure
- b. The process may require a more flexible approach – the commissioning framework in Dacorum was highlighted as a possible case study for learning.

6) Managing the contract/partnership

- a. Allow for flexibility – encourage open discussion throughout the term of the contract and allow for changes/adaptations where needed
- b. Respect the wishes/needs of those receiving the service and acknowledge there is rarely a one size fits all approach
- c. Partnership working between the public and voluntary sectors can help to make best use of combined resources. For example, giving voluntary sector providers access to use public sector case management systems can support information sharing and strengthen the management of risk. Public and statutory sector professionals can encourage referrals into voluntary and community sector services

7) Review and learning

- a. Be clear about what needs measuring and why
- b. Share best practice and pitfalls and ensure these are taken into account in future specifications
- c. More pro-active joining up of services – this applies to within and between all sectors
- d. We need to try and avoid creating or perpetuating unnecessary silos.

Implementing the proposals for each stage of commissioning will require ongoing dialogue between the public and voluntary sectors to build up trust and understanding. Discussions to produce this paper confirmed the voluntary sector’s awareness of their need to build their narrative around the social, environmental and economic outcomes they achieve. Equally, the voluntary sector stressed the critical role of commissioning practices to create the conditions for achieving those outcomes.

Just as we were in the final few days of editing this report, coincidentally, a national press article in Civil Society Media described a growing concern within the voluntary sector that tight public sector finances are fuelling ‘aggressive pricing of bids’, ‘shutting smaller voluntary sector organisations out of markets and risking the development of a blame culture because of how public sector markets are perceived to be operating. Nick Davies, outgoing Public Services Manager at the National Council for Voluntary Organisations (moving to the Institute for Government) suggested that the real solution to the problem is a change in the way that services are commissioned. He anticipated that a reform of current practices would be slow, though he saw the Social Value Act as an opportunity.

The voluntary sector in Hertfordshire is keen to work at a deep level with the County Council to create a Social Value Framework that addresses the fundamental factors necessary to seize the latent opportunity within the Social Value Act, so as to make best use of the valuable resources across the public, private and voluntary sectors in the best interest of the communities we all serve.