

Fact sheet 14: What is Social Value?

This fact sheet aims to give you information to help you to understand:

- What social value is and how it is relevant to you;
- The role of social value in the local authority delivery and
- The Public Service (Social Value) Act 2012.

It will also provide links to other useful fact sheets and documents that relate to evidence.

1. What is social value?

Social value refers to what is created by a service or initiative. Social value can include many indicators, including happiness, wellbeing, health, social inclusion, confidence and empowerment. It has been defined as:

“The additional benefit to the community from a commissioning/procurement process, over and above the direct purchasing of goods, services and outcomes” (NAVCA, Guide to Social Value).

Social value involves looking beyond the price of each individual contract that is awarded by identifying what the collective benefit to a community is, specifically considering how it might improve the economic, social and environmental wellbeing of communities. Social value asks the question:

‘If £1 is spent on the delivery of services, can that same £1 be used, to also produce a wider benefit to the community?’ (Social Enterprise UK).

Understanding more about the social value that is created by a service helps to ensure that the most value can be gained from public spending. Considering social value during the commissioning and procuring processes can ensure that taxpayers’ money is being directed towards improving people’s lives, opportunities and the environment, for example.

2. Why social value?

In 2012, Under the Public Services (Social Value) Act, it became law that all public bodies in England and Wales were required to consider social value and improvements to the economic, social and environmental well-being of communities.

3. Who does the act apply to?

The Act applies to all public service contracts and services contracts with an element of goods or works over the EU threshold of £173,934 for public bodies. This includes all public service markets, from health and housing to transport and waste. Commissioners will be required to factor social value in at the pre-procurement phase, allowing them to embed social value in the design of the service from the outset.

4. How do you measure social value?

Social value can be measured in a number of ways, depending on the service or organisation, budget and expertise.

Social Return on Investment (SROI) analysis is one method of accounting for, and measuring, social returns. SROI takes account of the social value created (such as happiness and social inclusion) and measures these, placing a monetary value on them.

The method involves engagement with stakeholders throughout, and applies a three phase methodology which includes: a scoping exercise to identify the key stakeholders; desktop-based logic modelling (see [Fact sheet 12: Logic Modelling & An Outcomes Based Approach](#)) to identify the inputs (activities), outputs (results) and outcomes (impacts) associated with engagement with the project/service; and engagement activities to identify the wider impact of the project on stakeholders. Engagement activities should be planned around the specific needs of the groups involved and can include a combination of interviews and focus groups, questionnaires, case studies and data analysis. For each of the outputs and outcomes that are reported by stakeholders, a financial proxy is given. The final ratio highlights that for every £1 input into a service, £X is returned in social value.

For more detailed information on SROI analysis please see [Fact sheet 20: Social Return On Investment \(SROI\) analysis](#).



More on this topic and further reading

For more detailed information on Social Value and SROI please see:

[Fact sheet 20: Social Return On Investment \(SROI\) analysis](#)

NAVCA (National Association for Voluntary and Community Action) Guide to Social value:
<http://www.navca.org.uk/socialvalue>

The Social Value Guide:
<http://www.socialenterprise.org.uk/advice-services/publications/the-social-value-guide>

SROI Network:
<http://www.thesroinetwork.org/>

Global Value Exchange:
<http://www.globalvaluexchange.org/>