



# Implementing a Successful Social Value Strategy

A guide for business

**ACCLARO**  
ADVISORY

“ 74 percent (of respondents) say a brand’s impact on society is a reason why brand trust has become more important.

The Edelman Trust Barometer Special Report: Brand Trust in 2020

S A T A N  
**WE LIKE YOU.  
TOO :)**

# FOREWORD

**2020 has seen macro challenges and social unrest on an unprecedented scale covering the spectrum of environmental, social and governance issues. The Coronavirus pandemic, increased awareness of social disparity and inequality, the Black Lives Matter movement, and record climatic events have all cumulatively impacted our day-to-day lives.**

Few people would disagree that companies now more than ever have a responsibility to help solve these issues and to do so must act in a socially responsible manner; the Edelman Trust Barometer noted this expectation is increasingly driving purchasing behaviour. The Coronavirus pandemic has helped to accelerate the change, reinforcing the position of organisations following a Purpose-led approach. Consumers are prepared to reward brands that act responsibly which have demonstrated kindness, empathy and integrity to their employees, their supply chain, and their wider community. As a result, their brand equity has never been greater.

The drastic measures that were taken to mitigate the impact of the pandemic have enforced a pause in business as usual which has seen people commuting less, consuming less and having leisure time. YouGov studies during the pandemic found that just 9% of Britons want things to return to “normal” after the coronavirus lockdown. During the pandemic, people reported noticing cleaner air, a greater abundance of wildlife, and a stronger sense of community; benefits that they appear eager to keep once the pandemic is over.

**There's no doubt about it: the general public want businesses to prove that they value people, the society in which they operate, and the planet as much as profit.**

And so, we come to the topic of our latest guide for business: social value.

Although this topic has gained momentum over the past decade, it is a relatively immature concept with varying definitions and no agreed measurement methodology. Becoming embedded within public sector procurement will see an exponential increase in its use. By helping improve communities, mobilise society and bring about equality with their social value strategies brings opportunities for businesses.

But the question to which many business leaders will want to know the answer is: **are businesses realising a measurable return on their social investments?** Are the returns attributable to specific parts of their social value programme? And how can they communicate this value to build brand equity?

Over the next few pages we will endeavour to simplify this complex topic by busting some jargon, highlighting the challenges of social value, telling you about our five-stage approach, and highlighting the benefits of implementing a successful social value strategy.



**Sunil Shah**

Founder and Director,  
Acclaro Advisory

# The Common Questions & Challenges

Social value in business has taken an indifferent pathway. It has been backed by Government in different stages of its timeline since the Social Value Act came to light in 2012, and even at the time of this publication has announced a step change in how the public sector defines the term “social value”. There is still plenty of ambiguity surrounding it. The most common challenges that arise when navigating this landscape are:

- How do we define social value?
- How do we create social value that applies to our customer? Or get our customers to work with us to generate social value?
- How should we measure social value?
- How can we tell whether the social value we expected has actually been delivered, and how can we ensure that this is actual social value that benefits communities?

We hear these questions frequently at Acclaro Advisory. We all-too-often see a huge fixation on the ‘value’ rather than how to create it – or, indeed, whether it was actually created and the outcome of it. While this is understandable, it is not progressive. This guide should give those foundations to either create social value for your customers, or engage your customers to create social value for the communities that you operate in.



# What is Social Value?

The concept of social value was brought slowly into the mainstream through the Public Services (Social Value) Act that requires commissioners of public services to consider how their purchasing decisions can and will deliver social, economic and environmental benefits for the local community, alongside consideration of factors such as price and quality. The name of the act, which specifically mentions only social value, has led to the widely-held but incorrect assumption that only social benefits were in scope, whereas the act was intended to promote the creation of social, environmental and local economic value, in line with the principles of sustainable development. For convenience, our use of the term in this document implies this broader meaning.

**While it is a pre-requisite for public procurement, embedding social value presents all businesses with an opportunity to demonstrate their commitment to improving people's lives through the power of acting and operating responsibly. It allows providers of products and services to show leadership in generating profit while offering positive returns to the communities within which they operate. This can be demonstrated by social or environmental improvements.**

## The delivery of social value from an organisation can manifest in two main ways:

1. The organisation delivers and measures the value they add to society through their internal programmes and initiatives.

2. The organisation requires major suppliers to deliver measurable social value alongside the service that they provide.

Combining these two approaches allows the organisation to achieve maximum social impact, but first it must understand and define its own social value so that it can engage its suppliers and staff to play a part in the vision and contribute towards delivering it.

Defining social value is an opportunity for an organisation to draw together socially positive internal initiatives, connect with the issues and challenges within the communities they serve and deliver meaningful interventions that are relevant and appropriate. Ideally the creation of social value should be incorporated into company culture and embedded into operations so that it becomes an intrinsic part of the decision-making process.

This ambiguity in the definition of social value was somewhat clarified in October 2020, when the UK Government published a guidance note defining what social value it expects commissioners to embed when procuring services, specifying these priority themes:

- Helping communities in their COVID-19 recovery
- Tackling economic inequality
- Fighting climate change
- Giving equal opportunities in the workforce
- Improving wellbeing and community integration



(<https://www.gov.uk/government/publications/procurement-policy-note-0620-taking-account-of-social-value-in-the-award-of-central-government-contracts>)

This clarification is important in helping UK companies to understand where they can deliver social value, which explicitly includes action on climate change and the recovery from COVID-19.

# What Opportunities Does Social Value Present?

**For public procurement,** social value gives the power to gain added value from public spending that will directly benefit key stakeholders that hold public bodies accountable – the general public and local community.

**For private businesses,** social value not only provides the opportunity for competitive advantage in public tenders - the UK Central Government procurement now explicitly requires commissioners to evaluate social value during procurement, rather than just consider it. But it also provides the platform for businesses generally to improve their reputation as a responsible business, engage with their local community, enable greater staff retention, and build closer and more enduring relationships as trusted providers. It can even produce land value increase as areas become more desirable due to a thriving community.

## The October 2020 guidelines for Social Value in Central Government procurement took a big step forward.

According to the CBI report in July 2020 Valued Partnerships – embedding social value in public contracts, “enlightened companies are now beginning to take the lead on social value”, reporting that “CBI members related that in cases where they have their own proven model of social value in use across the business and embedded in their working practices, they have begun discussing with clients upfront how this model works and encouraging the contracting authority to use it also.”

One of the challenges highlighted by the CBI report was that the non-prescriptive nature of the Social Value Act meant that the definition of social value is open to interpretation, which could lead to a mismatch between the way it is understood by the commissioner and the potential supplier. The October 2020 guidelines for Central Government procurement took a big step towards remedying this. However, it is important to note that the guidance is for Central Government departments and not necessarily for local Government or indeed private businesses. For this reason, it's important to recognise that the way an organisation considers social value within its own operations may be different to the approach it takes with respect to individual contracts.

Steps taken in Government are encouraging, but gaps exist as to how serious they are on the topic. Consider the 2020 Government Outsourcing Playbook (June 2020 update). It was recommended that social value is to be placed in the 'innovation' section of service outsourcing. In Acclaro's experience of working in sustainability and procurement, associating social value with innovation can lead to its removal when discussions turn to cost, because it becomes a disposable asset which can reduce service cost rather than being interwound throughout the service itself. Therefore, we hope that incorporating mandatory evaluation of social value will go some way to prevent this from happening.

# How can my organisation deliver social Value?

(Either through procurement of services or delivery of services)

The challenge for any organisation is to embed meaningful economic, social and environmental interventions that benefit the communities that they serve, either through their own operations and/or through the supply chain. This value can be delivered either to the community location where they are based, or to all the markets that they serve.

In considering social value interventions, it's essential to look at not just at the output of the programme, but the outcomes it creates; in the end, it is the outcome that determines whether a social value contribution has actually been achieved.

## So what might this look like in practice?

First it is important to identify a set of issues in a community that stakeholders generally agree on. The stakeholders will involve the procuring organisation, the tendering organisation, and the community representatives themselves.

It is also important to differentiate between outputs and outcomes in the creation of social value. For many businesses social value becomes a number or value to use in a tender. But what is often overlooked is, how does that output create an outcome that benefits society that won't occur under business as usual.

A social value output is an action or activity that can help to close an identified issue in a community.

An Outcome goes a step further, because it is the change that will occur because the output is delivered in the right way to the people that will experience the most impact. Therefore, higher value should be attributed to outcome that is creating social, environmental or economic improvements in the locality where it occurs.

Here are some examples, some are taken from the recent Central Government guidelines, some are not.

Issue identified	Output	Outcome
Young people not in employment or further education/training due to Covid-19.	Creation of apprenticeships	Increased social mobility and opportunity for demographics with low opportunities and long term unemployment potential.
Poor air quality locally	Switching to EVs for local deliveries; incentivising staff to use public transport/ active travel	Improved air quality, reducing cost of respiratory-based public healthcare.
Digital exclusion	Donation of surplus IT kit; skills-based volunteering to improve digital skills	Delivered to areas of high deprivation which can reduce social isolation, give better access to services, and improve employment potential
High unemployment	Supporting training programmes to improve employability	Delivered to demographics that will reduce social deprivation and increase social mobility.
Unstable or low-paid employment	Working with supply chain to embed minimum standards of pay, contracts and conditions	More economically active citizens; more vibrant economy
Financial insecurity	Financial literacy training; introduction of responsible lending products for those previously excluded	Reduce stress from increased financial stability, more economically active citizens
Disability employment gap	Training programmes and apprenticeships created	Developing people with disabilities and their skills effectively to continue employment beyond the apprenticeship programme.

# How should we measure Social Value?

While measurement is important, a company which fixates on measuring its social value output without a fundamental approach to support the outcome will not stand the test of time. Ultimately, this will negatively impact its reputation and consumers' confidence.

There are a number of different methodologies in use for measuring social impact or social return on investment. Which method is used is less important than how and when it is used. To be truly meaningful, it needs to be measured twice:

- Forecast, which predicts how much social value will be created through the planned activities, and
- Evaluative, which measures actual outcomes that have already taken place.

This aligns with the Output and Outcome approach to developing actions.

Social impact is normally expressed as a financial value, which requires us to assign a monetary value to things that do not have a market price. Sometimes monetisation is a fairly straightforward process – where it relates to a cost saving, for example. For things that are harder to value, economic principles can be used to assign financial proxies to estimate the social value of non-traded goods to different stakeholders. One such methodology is Stated Preference or Contingent Valuation, in which people are surveyed about how they value things, either relative to other things or in terms of how much they would pay to either have or avoid something. For example, you may ask people how much they would be willing to pay for an improvement in air quality – thus establishing a financial value for it. An alternative method is Hedonic Pricing which is extrapolated from the market values of constituent parts of the service or good being considered. In this case you would calculate a value for clean air by estimating the premium placed on house prices in areas with clean air compared to those where air quality is poor.

Once calculated using one of these methods, social value can be expressed either in absolute terms as social value added, or with relation to the investment made to secure the outcomes, as social return on investment or SROI. Bear in mind that how you evaluate social contribution is only part of the value equation, and in most cases the appropriate metric will depend on the nature of the intervention – far more important is how relevant and beneficial it is in a local context.

An example of promised versus actual social value was raised by a recent report. The Apprenticeships and Social Mobility Research report, June 2020 expresses that apprenticeships are a key ladder for social mobility. Their role is to support employability and enabling individuals to gain skills in a non-academic context, which gives a second chance to those struggling to find employment. Creation of apprenticeships has become a key output metric for businesses that are showcasing the social value that they provide to public and private sector clients.

However, the report highlights that apprenticeships “are not delivering social mobility” because the apprenticeship system is failing disadvantaged young people in England. It highlights a 36% decline in people from disadvantaged backgrounds starting apprenticeships, compared with 23% for other groups. Therefore apprenticeships are created, but they are not being delivered to people that need the opportunity and can bring forward social mobility as an outcome.

The CBI Trusted Partners report echoed the view that the emphasis should be on measuring the actual social value delivered over the life of a contract, and that this necessarily involves some upskilling among contract managers.

The same reports highlights a fundamental confusion around how to take into account companywide “inherent” social value within a procurement process that often focuses on the social value that will be delivered specifically with relation to the contract. As larger companies are more able to bear a large investment on a contract versus SMEs, the report concludes that commissioners remain unsure how to consider this “inherent” social value without discriminating against SMEs. There has been an over reliance on the measurement of outputs from organisations in their quest to bid the highest in tenders, and produce the best marketing stats. There are a multitude of tools available to help measure the value output.

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→ **Social Value Portal - TOMs Framework**

<https://socialvalueportal.com/national-toms/>

Measures the value (£) of the activities of the company which can be utilised for bid contracts and stakeholder communications.

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→ **HACT - Value Calculator**

<https://www.hact.org.uk/value-calculator>

Measures the social impact using a bank of values, relevant to community investment activities, derived using the Wellbeing Valuation approach

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→ **The Social Value Engine**

<https://socialvalueengine.com/>

A platform designed to identify and measure social value with a focus on the local sustainability of a place. It works by using financial proxies to add financial value to a specific qualitative outcome.

Real social value is at risk of not being delivered against a culture fascinated by £ measurement.

While measuring social value allows for comparison and understanding from a procurement perspective, there is a risk that the above highlighted concerns are swept under the carpet. Real social value is at risk of not being delivered, which could lead to a form of social green wash in the prevailing culture. If contracts are rewarded based on predicted outcomes and social value is not actually delivered, then companies are not held to account over their commitments.

Luckily, the UK Central Government Procurement policy update lays the foundations to prevent this. Guidance calls for progression towards qualitative assessment rather than quantitative value. This means that the race for the highest value shouldn't be an issue, and therefore the company's approach and strategy become very important. This requires that a strong social value approach should include substance and strategy and be accompanied by a robust method of measuring outcomes, rather than being solely reliant on superficial metrics.

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**Other Measurement tools available**

→ <http://www.socialvalueuk.org/social-value-tools/>

A framework for measuring and accounting for this much broader concept of value; it seeks to reduce inequality and environmental degradation and improve wellbeing by incorporating social, environmental and economic costs and benefits

→ <http://www.globalvaluexchange.org/news/950c660b6d>

Social Value UK also provide a dataset bank that can be used to measure needs for social value.

# The Acclaro Approach

Our service can be aimed at both the procurement function developing social value for communities, or the service providers generating social value for their clients.

At Acclaro Advisory, we aim to ensure that your company is able to define what social value should incorporate for you, understand how this creates value for communities, and can validate the approach and its outcomes. The framework can be used by organisations seeking to deliver social value for clients, or those that are implementing social value through their suppliers.

Our framework will help your organisation to set the strategy that will:

## For a business bidding for tenders

→ Embed social value into your business that details strategy, structure and measurement that can be communicated in procurement bids, delivering confidence to potential customers and competitive advantage over peers.

## For organisations integrating social value into their procurement approach

→ Deliver an approach that provides genuinely beneficial outcomes to the communities that you serve by ensuring that you can assess providers who can deliver on their promises, with a measured approach that holds them to account.

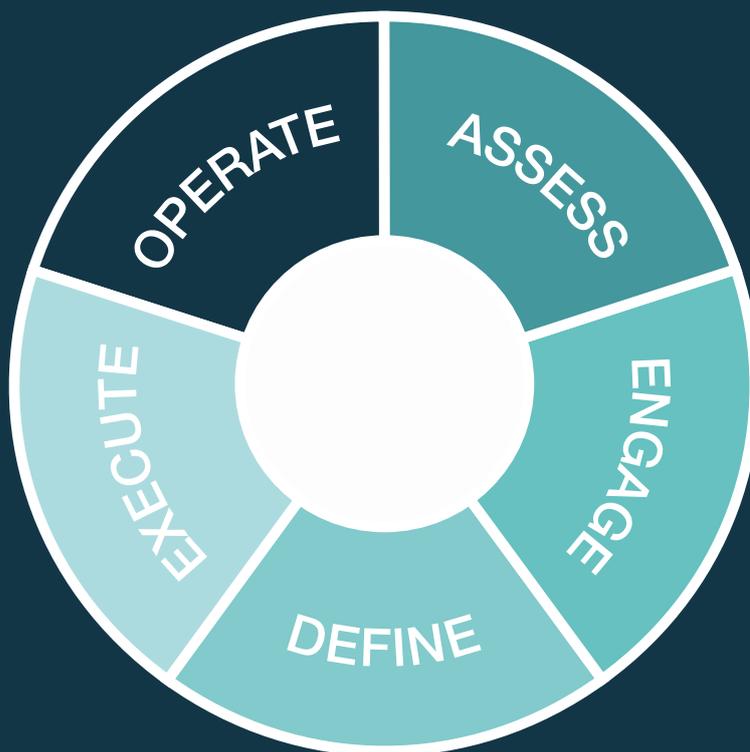
Our approach sets out to remove the challenges associated with:

- Non descriptive/specific definitions of Social Value which make it difficult to align with the needs of the communities where an organisation operate
- Ensuring that Social Value is embedded in contracts – or, ideally, general operations - and does not become a disposable asset
- Ensuring that measurement of Social Value is not just a meaningless metric; it is backed by a strategy and its outcomes can be measured over a period of time.

The output is a structured, embedded strategy that delivers, measures and communicates social value based on the needs of stakeholders all the way from the client to the community the organisation operates within. It will build a strong reputation and the confidence to become a social value leader.

**Our approach at Acclaro is to take you on a cyclical journey.**

We **Assess, Engage, Define, Execute** and **Operate**. We recognise that many sectors are still getting up-to-speed with what social value is and what it really means in practice. So with a combination of knowledge and industry expertise, we guide companies through a pivotal learning process.



**Assess**

Background research centred on the relevant geographic locations to identify social, economic and environmental issues, whether/how these are addressed by current strategy, and applicable measurement approaches.

**Engage**

Stakeholder engagement to confirm social value gaps needed to fill and opportunities to add additional value that will have lasting impact.

**Define**

Defining social value for your organisation and its communities. Outlining the recommended approach bringing together all insights from the research.

**Execute**

Set out systems, train teams, amend policies, set strategies, define targets, embed measurement technique.

**Operate**

Embed into the culture and processes of the organisation, report and validate measurements and continuously improve.

We ensure that, when the time comes to engage local groups, it's a collaborative process of listening and learning so that, together, we can create an appropriate vision, and meaningful delivery, for real social value.

# Further Reading List:

→ **The business returns of social impact**

<https://www2.deloitte.com/us/en/pages/operations/articles/social-value-creation.html>

→ **Government Outsourcing Playbook**

<https://www.gov.uk/government/publications/the-outsourcing-playbook>

→ **Embedding Sustainability in FM Procurement**

<https://www.acclaro-advisory.com/sfmi-reports-and-research/#research-reports>

→ **CBI – Valued partnerships embedding social value in public contracts**

<https://www.cbi.org.uk/articles/valued-partnerships-embedding-social-value-in-public-contracts/>

→ **Apprenticeships and Social Mobility**

<https://www.gov.uk/government/publications/apprenticeships-and-social-mobility-fulfilling-potential>

→ **The Trust Barometer: Special Report:**

<https://www.edelman.co.uk/research/trust-barometer-special-report-brand-trust-2020>

→ **UK Government Procurement Policy Note 06/20 - taking account of social value in the award of central government contracts**

<https://www.gov.uk/government/publications/procurement-policy-note-0620-taking-account-of-social-value-in-the-award-of-central-government-contracts>

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We regularly publish news and thought leadership pieces on social value (and other topics). You can read these by visiting our [company blog here](#) and by subscribing to our [company newsletter here](#).

# About Acclaro Advisory

## Our Vision

A sustainable future.

## Our Mission

To support organisations on their environment, social and governance journeys, and help them achieve zero carbon.

We do this by helping our clients to address these four critical elements of sustainable business:

## Our Values

- Empathy
- Integrity
- Innovation
- Clarity



Zero Carbon



Responsible Business



Social Value



Energy Management

## About the Sustainable Facilities Management Index (SFMI)

The Sustainable Facilities Management Index (SFMI - an Acclaro product) is the UK's only sustainability benchmark in the Facilities Management sector. We work with business, governments, NGOs and facilities management stakeholders of all kinds to raise and embed new standards in the industry.

We assess, educate and advise so businesses in and around the Facilities Management (FM) space can build new thinking and processes into their day-to-day, and see the value on the bottom line now and in future.

In a changing world, we help firms to define and embed sustainability best-practice at both the contractual and the corporate level.

Led by a sustainable FM strategy, businesses can position themselves as leaders in the field. As well as meeting targets, reducing risk and complying with regulation, we give organisations what they need to raise the bar on performance; to live and be the changing the face of FM.

## Sustainable Ambition for the FM Sector 2020

**This recent report sets out the business case for shifting FM models towards a more sustainability-focused approach that incorporates both in-house improvements and the development of service lines.**



Download your free copy of the report here.

We look forward to helping  
your organisation to implement  
successful social value projects  
which benefit everybody.



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