

Maximising Value for Money through Social Value

Stage 2 Guidance

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PURPOSE OF THIS DOCUMENT

The purpose of this document is to show practical ways to include social value in your projects and business cases to increase the Value for Money

The recent publication of the new [Green Book](#) and the Government's [Social Value in Procurement Policy](#) note signals an increasing focus is on the wider strategic benefits of public investment, and we hope this will be a useful guide to understand how to incorporate it in your business cases.

By looking at your projects through the lens of social value, you will be better able to describe the wider economic and social benefits that they can result in for your communities. Whilst this won't entirely replace the traditional economic appraisal, it will help to explore and uncover some of the less quantifiable elements of your projects, which are never-the-less important .

This guide includes:

[The Basics of Social Value](#)

[Incorporating Social Value into the Business Case](#)

- [Strategic Case](#)
- [Economic Case](#)
- [Financial Case](#)
- [Commercial Case](#)
- [Management Case](#)

[Social Value on different types of project](#)

[Next steps](#)

THE BASICS OF SOCIAL VALUE

WHAT IS SOCIAL VALUE?

Social value comprises different elements

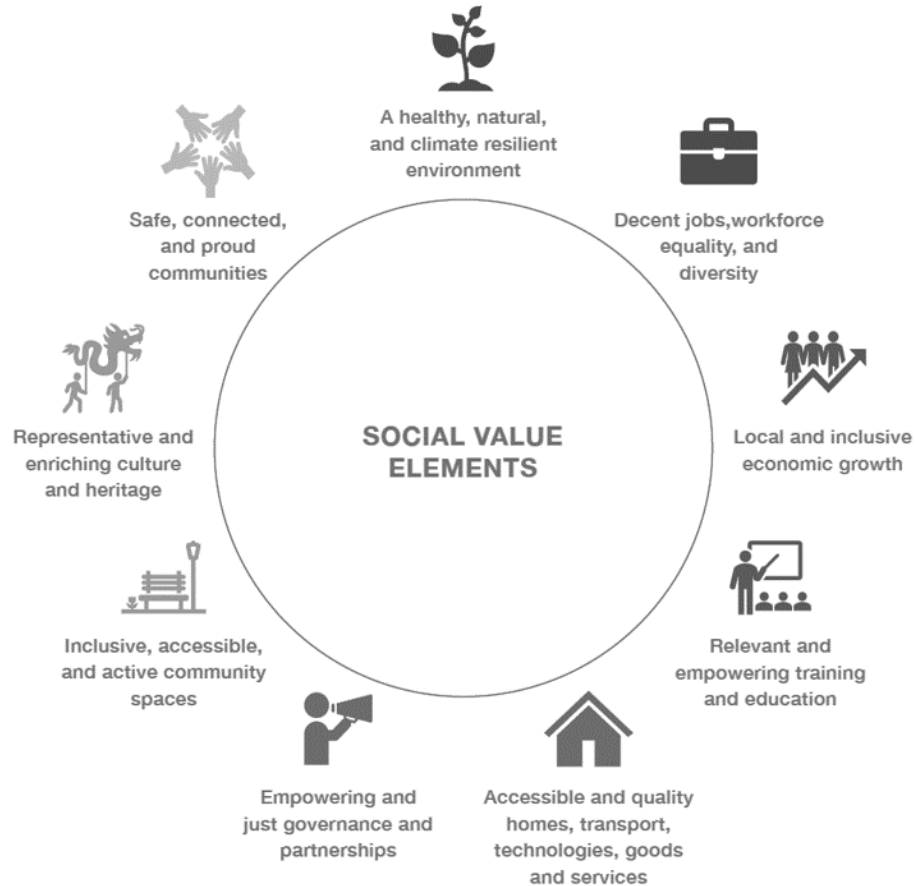


Figure 1 Social value elements (Source: Arup, 2020)

- Major developments bring regeneration investments and opportunities to boost “life chances” of people in local communities
- Social value is the **change created** within communities that leads to improved well-being and quality of life as a result of a project
- Social value can also be articulated in terms of placemaking and the knock-on impacts of improving an environment to then improve sense of place, civic pride, and well-being
- It starts with a real, in-depth understanding of **priorities and local needs**
- Social value outcomes will vary from project to project and community to community
- It is a change in mindset from **outputs** to **outcomes**
- Social Value is a core thread throughout the **life cycle** of built environment projects
- It should be considered as an integral part of **sustainable development**

GETTING STARTED

Before you launch into enhancing social value in your projects, there are a few steps you should take first:

1. Check to see if your town, Local Authority or LEP has a **Social Value Policy**; if you haven't already, engage with those responsible for social value to understand the work they do, and seek their support and input into the Towns Fund programme.
2. Read the Towns Fund Delivery Partner [Social Value 101 guidance](#) to understand how Social Value relates to an outcomes-led approach, the Theory of Change and how Social Value is applied across the project lifecycle



JUST STARTING TO THINK ABOUT SOCIAL VALUE?

First, identify the social value outcomes that you want to achieve for a project, using the [UKGBC Defining Social Value Framework](#) steps:

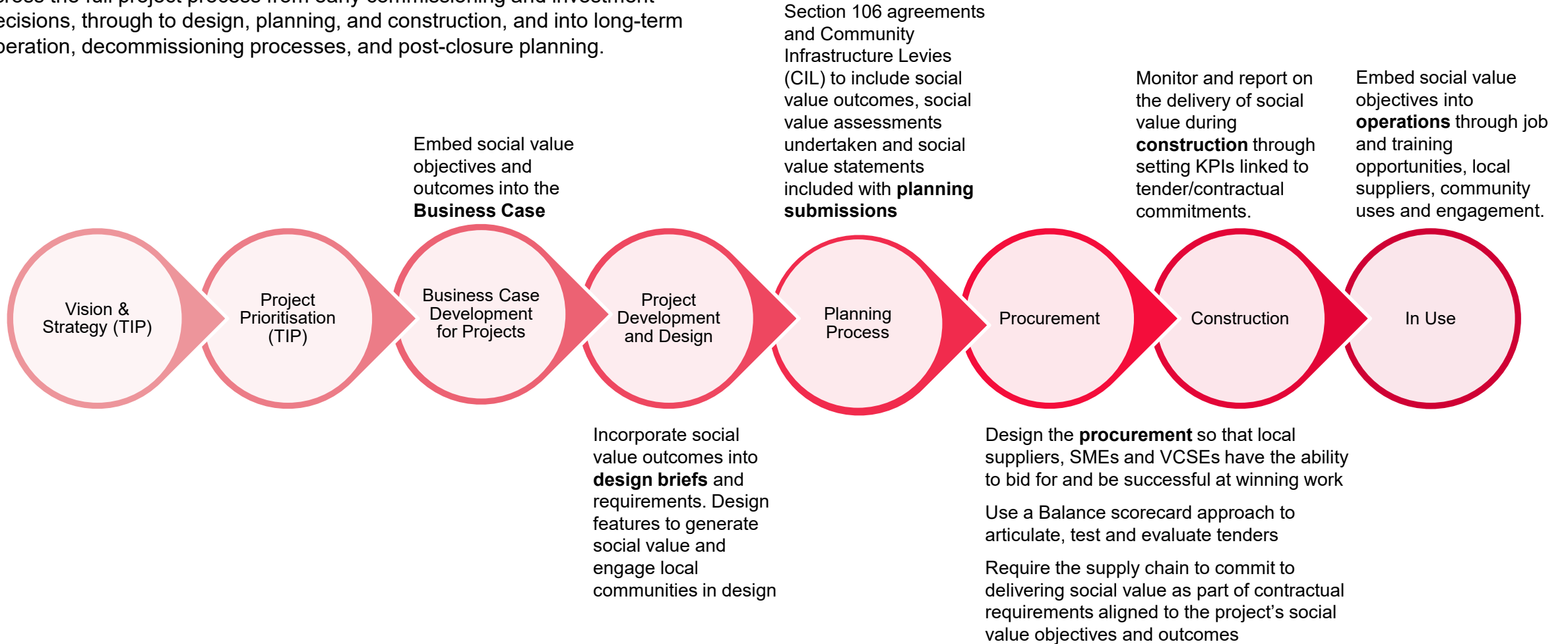
- Identify the relevant stakeholders based on the likely impact of the project on their quality of life, using stakeholder analysis and engagement from the TIP
- Understand what is in the best interests of the relevant stakeholders, linking with the evidence of need from the TIP
- Articulate social value outcomes for the project based on the best interests of relevant stakeholders. These can be added to project outcomes identified at the TIP stage.



Social Value is embedded in project objectives and outcomes

MAXIMISING SOCIAL VALUE THROUGH THE PROJECT LIFECYCLE

Embedding social value in the built environment means finding ways to add value across the full project process from early commissioning and investment decisions, through to design, planning, and construction, and into long-term operation, decommissioning processes, and post-closure planning.



Developing a social value strategy is key to maximising benefits throughout the life cycle of a project

INCORPORATING SOCIAL VALUE INTO THE BUSINESS CASE

INCORPORATING SOCIAL VALUE INTO THE BUSINESS CASE

Following the Budget 2020 announcement, a review of the Green Book commenced in response to the growing concern the 2018 guidance perhaps undermined the Government's "levelling-up" agenda.

The Review found that there is a reliance on the Benefit-Cost Ratio, unreflective of a compelling strategic case.

As a result, the new Green Book states that Value for Money encompasses all relevant costs and benefits to society, not just the specifically economic ones, and much more importance is placed on the strategic case for investment.

Demonstrating social value is therefore much more important to a strong business cases than ever before, whether it can be quantified or not.



THE GREEN BOOK

CENTRAL GOVERNMENT
GUIDANCE ON APPRAISAL
AND EVALUATION

THE STRATEGIC CASE

The role of social value in the Strategic Case

The Strategic Case sets out the rationale for the proposed project. This rationale should include an assessment of current needs, challenges and opportunities, as well as identifying stakeholders.

Through setting out the rationale, you can analyse local needs and stakeholders in order to identify social value opportunities, articulate social value objectives, and demonstrate how the proposed project delivers social value outcomes.

Articulating what social value is intended to be achieved in the Strategic Case is essential before measurement can begin.

THE STRATEGIC CASE

Incorporating social value into the Strategic Case

Case for Change

- Identifies challenges and needs which will help to inform the social value outcomes

Stakeholders

- Identify the relevant stakeholders and the likely impact on their quality of life

Policy Alignment

- Show alignment to your local Social Value policies
- If there is no local Social Value policy, then refer to the [UK Government's Social Value Model](#)

Vision and Objectives

- Incorporate social value into your SMART objectives for the project

The proposed investment

- Include social value expected outcomes and weave into the Theory of Change for the project
- Consider any changes to the scope of the project which could maximise social value outcomes (significant changes to scope may require further approval from MHCLG)
- Ensure the project scope includes all activities and outputs needed to achieve social value outcomes
- Articulate the impacts to different groups

Risks, constraints and interdependencies

- Consider these in relation to the social value outcomes to be achieved

THE ECONOMIC CASE

The role of social value in the Economic Case

The Economic Case sets out the Value for Money for the investment. Determining Value for Money entails the analysis of the economic costs and benefits of the proposal to society.

By its very nature, this assesses the social value of an investment, through formal cost benefits analysis, and analysis of non-monetary or unquantifiable benefits.

As the concept of social value is also concerned with inclusion and equity, it is also important to understand who the costs and benefits of a proposal accrue to in society.

THE ECONOMIC CASE

Incorporating social value into the Economic Case

Economic Benefits

- Social value can be included in the benefits of a project if they are additional to the “do minimum” option. Many social value benefits may already be captured in standard quantification methods for user benefits or land value uplift, but check to see that these methods have not missed any opportunities

Principles for quantifying social value

- Use Green Book, CBA, and government-approved methodologies where possible. If government guidance is not available, other methodologies can be used, but these should not be included in the BCR. Benefits which are quantified but not included in the BCR, should be presented separately.
- Compare to a “Do Something” scenario to a “Do nothing” or “Do minimum” scenario
- Take care to over which benefits are included in the National BCR vs Place-based analysis
- Place-based analysis should also take into account deadweight, displacement, leakage, additionality etc
- Consider timing, ramp-up and drop-off
- Be careful not to double count or overclaim
- Consider disbenefits
- Consider environmental benefits – if the projects are not primarily about delivering environmental benefits, how can these be further designed-in?
- Consider how costs and benefits accrue to different groups and weighting for different income groups

Non-quantified benefits

- Some benefits related to social value may not be quantifiable at this point. Ensure that they are included in the list of non-quantified benefits. See the Towns Fund Economics 101 Guidance for further guidance on how to evidence these and make them robust.

Economic Costs

- Ensure the costs of delivering social value outcomes are included in capex and/or opex costs

Distributional Appraisal

- Demonstrate how benefits and costs accrue to different parts of UK society and income groups

Place-based analysis

- Demonstrate local impacts, mainly employment, which are an element of social value and may not be articulated through the analysis of a national BCR.

THE FINANCIAL CASE

The role of social value in the Financial Case

The Financial Case assesses the affordability of the investment, identifying cost, revenue, and funding sources.

As social value is mainly focussed on the benefits and outcomes for society, it does not play a significant role in the Financial Case unless there is a mechanism to deliver additional social value through revenue or funding sources.

As most Towns Funds projects will have already identified their funding sources, the main point of issue regarding social value in the Financial Case is to ensure all costs of delivering the social value outcomes identified are included.

THE FINANCIAL CASE

Incorporating social value into the Financial Case

Capex and Opex costs

- Ensure that the costs of delivering social value outcomes and benefits claimed are included

Funding and financing

- If match funding is available, then there may be additional expectations on the delivery of social value, depending on the funding source.
- For some projects, there may be opportunities to explore ways to generate social value through funding and financing mechanisms, which may also overlap to the Commercial and Management cases.

THE COMMERCIAL CASE

The role of social value in the Commercial Case

The Commercial Case assesses the commercial viability of the investment.

Social Value should be a key consideration in this case, because there are many opportunities to generate additional social value through commercial arrangements and procurement.

THE COMMERCIAL CASE

Incorporating social value into the Commercial Case

Commercial Deliverability

- When identifying potential commercial/delivery model options, consider options which can deliver additional social value across all stages of the project lifecycle. For example, operation by a social enterprise or ownership by a community land trust
- Conducting market testing and early supplier engagement regarding social value can unlock insight and creative ideas from the supply chain
- When outlining key contractual arrangements, include the requirement for social value commitments expressed as KPIs
- Strong contract management is key to ensuring accountability for social value delivery. Social value expectations should be clearly set out within contractual requirements – but be sure to balance clear requirements with some flexibility to encourage innovation

Procurement Strategy

- Embedding social value into procurement practices is an excellent way to drive additional benefits by ensuring that supply chains are aligned and committed to contributing to the defined social outcomes of a projects
- Developing the procurement strategy is an opportunity to engage local suppliers, SMEs, social enterprises, and voluntary and charitable sector players to design, construct and deliver on proposals. Early and planned supply chain engagement will ensure that procurement opportunities are accessible to these types of organisations
- Use a Balance Scorecard approach to include clear social value ambitions and requirements in the tender information as well as social value evaluation and a social value percentage scoring weighting. Align these to the project's desired outcomes.
- Outline how social value commitments and delivery will be reported on and tracked.

A note on In Use social value

While much of the social value delivered through procurement is fairly short-term (although good social value will have lasting effects) during the design and construction of the project, the operation of site has the potential to generate benefits which reoccur year after year. Particular attention should be given to how the project will be operated, occupied and used after construction as, for example, it can unlock:

- providing job and training opportunities for local people – in cleaning, repairs, security;
- engaging with local supply chains;
- the use of a building for community activities/meetings; and
- organising community engagement programmes.

THE MANAGEMENT CASE

The role of social value in the Management Case

The Management Case assesses the deliverability of the investment, identifying timescales and project responsibilities.

The Management Case can set out activities which will generate additional social value (i.e. Team composition and management and stakeholder engagement).

It is also key to affirming how social value will be managed, monitored and reported on through project management, benefits realisation, monitoring and evaluation, project assurance, and risk management.

THE MANAGEMENT CASE

Incorporating social value into the Management Case

Project organisation and governance

- Consider the make-up of project teams. Do they include local people and a diverse cross-section of the local community?
- Look for opportunities to deliver skills and employment opportunities through apprenticeships or work placements
- How teams are managed can also generate social value, such as embedding equality, diversity and inclusion policies and culture; and managing project team health and wellbeing

Programme/schedule and risk management

- Include a social value and benefits management plan and embed social value and benefits milestones and key actions/dependencies into the overall programme plan
- Look for opportunities to achieve benefits earlier
- Embed social value and benefits into risk management strategies and risk registers. Identify key risks to delivering social value outcomes

Project management

- Build social value into project management approaches, processes, information management and reporting
- Consider appointing a Social Value Lead (perhaps covering all TF projects) to manage and monitor social value delivery

Stakeholder engagement

- Stakeholder engagement is essential to understanding local needs and delivering outcomes which the community values
- Stakeholder engagement should inform the social value objectives of the project and the social value procurement strategy

Benefits, monitoring and evaluation

- Include social value benefits in benefits register and realisation plan, tracking and reporting and monitoring and evaluation

Assurance

- Approach and plans for assurance should factor in the need to assure social value outcomes delivery

SOCIAL VALUE ON DIFFERENT TYPES OF PROJECTS

SOCIAL VALUE IN DIFFERENT TYPES OF PROJECT

The type of social value, or the nature of the outcome will vary depending on the type of project you are undertaking.

We have set out how social value can be woven throughout each of the five cases, but the type of social value, or the nature of the outcome will vary depending on the type of project being undertaken.

This section provides examples of how social value might be articulated in different types of projects

Types of projects

- Local Transport
- Digital Connectivity
- Urban Regeneration, Planning and Land Use
- Arts, Culture and Heritage
- Skills Infrastructure
- Enterprise Infrastructure

LOCAL TRANSPORT

Key themes

- Station to town centre connectivity
- Walking and cycling infrastructure
- Active travel incentivisation schemes
- Rail station upgrades
- Sustainable transport solutions
- Transport corridor improvements

Targeted outcomes:

- Improved affordability, convenience, reliability and sustainability of travel options to and from places of work
- Improved affordability, convenience, reliability and sustainability of travel options

Social Value outcomes:

- Improved access to job opportunities and education can help to reduce deprivation and skill gaps, especially if transport options are affordable.
- Reducing congestion and emissions from private cars can help to improve air quality, which can otherwise disproportionately impact those who have lower quality housing or existing medical conditions.
- Active travel can support healthier lifestyles.
- High quality public transport can help those who might otherwise be isolated to meet with friends or family, particularly the elderly.



DIGITAL CONNECTIVITY

Key themes

- 5G infrastructure
- Full fibre broadband infrastructure upgrade
- Connected towns / living
- Skills training

Targeted outcomes:

- Increased utilisation of digital channels, by businesses, to access and/or supply goods and services
- Increased ability for individuals to work remotely/flexibly
- Encouraging further investment from network operators

Social Value outcomes:

- A strong digital network can improve access to education and skills programmes, as well as help people access job opportunities, which in turn can help reduce deprivation.
- Digital connectivity helps people to work remotely, allowing people to spend less time commuting and more time with family and friends.
- High quality digital connectivity, and accompanying skills programmes, can help those who might otherwise be isolated to socialise with friends or family, particularly the elderly. This has been made more evident during the pandemic.



Decent jobs, workforce equality, and diversity



Local and inclusive economic growth



Relevant and empowering training and education



Accessible and quality homes, transport, technologies, goods and services



Inclusive, accessible, and active community spaces

URBAN REGEN, PLANNING AND LAND USE

Key themes

- Public realm improvements
- Community and green spaces
- High streets and market town regeneration
- Green / low carbon living
- Commercial / residential development

Targeted outcomes:

Enhance townscape that is more attractive and more accessible to residents, businesses and visitors

Social Value outcomes:

- Improving the look and feel of a town centre can help support pride of place.
- An attractive town centre can result in high levels of footfall, which in turn can create a greater sense of safety, especially for vulnerable people.
- Increased planting can help to improve air quality.
- Public realm and art can help to showcase the culture and character of a town, again strengthening pride and supporting community cohesion.



A healthy, natural,
and climate resilient
environment



Inclusive, accessible,
and active community
spaces



Representative and
enriching culture
and heritage



Safe, connected,
and proud
communities

ARTS, CULTURE AND HERITAGE

Key themes

- New/upgraded museum and art galleries
- New/upgraded theatres
- Community hubs
- Heritage asset enhancement
- Heritage tourism
- Rebranding of the town

Targeted outcomes:

Improved arts, cultural and heritage offer that is more visible and easier for residents/visitors to access



Empowering and just governance and partnerships



Inclusive, accessible, and active community spaces



Representative and enriching culture and heritage



Safe, connected, and proud communities

Social Value outcomes:

- Providing community assets such as a museum, theatre, or community hub can help to build community cohesion, and pride of place, particularly if they are co-created with local groups, or involve some level of volunteering.
- If volunteering is part of the project, this can in turn provide volunteers with skills and experience which could help them in their career.
- Ensuring that these assets can be easily accessed (both physically and from an affordability perspective) will be important for local people with limited means, for children and families, or the elderly.
- A community hub should be developed with local people, and the programming should be specifically designed towards local users; where possible, the space should be available at different times of the day/week to ensure a wider variety of users can access it.

SKILLS INFRASTRUCTURE

Key themes

- Careers and skills training/hubs
- Colleges and university campuses
- Health and wellbeing centres
- Digital skills enhancement

Targeted outcomes:

Increased share of young people and adults who have relevant skills for employment and entrepreneurship



Decent jobs, workforce equality, and diversity



Local and inclusive economic growth



Relevant and empowering training and education



Inclusive, accessible, and active community spaces

Social Value outcomes:

- Supporting people in achieving education and gaining skills is one of the best ways to reduce entrenched deprivation.
- Gaining new skills can also promote personal wellbeing and sense of worth.
- Skills or training programmes which focus on softer skills, or life skills, as well as supporting efforts around employment preparedness (CV checking, mock interviews etc.) can help people in work more easily.
- Ensuring that there are links between the skills infrastructure and employers is also important to support people into jobs after they receive their training.
- Skills hubs which provide programmes targeted towards certain groups, such as NEETs, ex-offenders or those who have experienced long term unemployment can maximise social benefit.

ENTERPRISE INFRASTRUCTURE

Key themes

- Community hubs
- Innovation and technology
- Shared workspace / collaboration hubs
- Incubators / scale-up institutes
- Business parks/units

Targeted outcomes:

- Increased number of enterprises utilising high-quality, affordable and sustainable commercial spaces
- Increased number of start-ups and/or scale-ups utilising business incubation, acceleration and co-working spaces

Social Value outcomes:

- Supporting enterprises and attracting new businesses can improve access to job opportunities, especially when combined with skills programmes, which can support local economic growth in the long term.
- Increased income from business rates can be used to fund other community investments.



Decent jobs, workforce equality, and diversity



Local and inclusive economic growth



Relevant and empowering training and education

NEXT STEPS

NEXT STEPS

- We have provided a list of further reading on the next slide
- Speak to your internal town, Local Authority and/or LEP teams to find out what they are currently doing around social value
- If you have further questions or require bespoke support, please speak to your Town Coordinator, or book a one-to-one meeting with one of our Social Value Experts using the [Expert Drop-in Hour](#) service



Alison Ball
Social Value Topic Lead



Maria Vitale
Social Value Topic Support



Laetitia Lucy
Social Value Topic Support

REFERENCES AND FURTHER READING

- [BCO - Measuring the Social Value of Offices](#)
- [Berkley Group – Places](#)
- [CLES - Community Wealth Building](#)
- [Construction Innovation Hub Value Toolkit](#)
- [Department for Work and Pensions Social Cost-Benefit Analysis Framework](#)
- [Considerate Constructors Scheme](#)
- [Greater Manchester Authority Cost Benefit Analysis](#)
- [HACT - Social Value Calculator](#)
- [ICE – Maximising Social Value from Infrastructure Projects](#)
- [IED – From The Ground Up - Improving The Delivery Of Social Value In Construction](#)
- [Impact Reporting - Frameworks for Social Value and CSR](#)
- [Inclusive Growth Analysis Unit, University of Manchester - Achieving Inclusive Growth in Greater Manchester](#)
- [LM3 Impact Reporting](#)
- [Local Government Association – Social Value Toolkit](#)
- [MHCLG – National Planning Policy Framework](#)
- [RIBA - Social Value Toolkit](#)
- [Seratio Social Value Software](#)
- [Social Profit Calculator](#)
- [Social Value Portal – National TOMs Framework](#)
- [Social Value UK – Social Return on Investment Guidance](#)
- [Social Value UK - Value Map Resource and Guidance](#)
- [Social Value UK – Value Mapping](#)
- [Supply Chain School – Social Value and Design of the Built Environment](#)
- [The Total Towns Outcomes Framework – August 2020.](#)
- [The Towns Fund Theory of Change – August 2020](#)
- [Towns Fund Social value in Construction – the role of procurement](#)
- [Towns Fund Social Value 101](#)
- [Towns Fund Blog Boost Your TIP: Social Value](#)
- [UK Government Public Services \(Social Value\) Act 2012.](#)
- [UK Government Commercial Function Social Value Model](#)
- [UKGBC - Framework for Defining Social Value](#)
- [UKGBC - Driving social value in new development: Options for local authorities](#)
- [UKGBC – Driving Social Value in New Developments](#)
- [UKGBC - Delivering Social Value Measurement](#)

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