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Calculating Social Value

How can the social value of social purpose organisations be measured?

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Calculating Social Value: a critical analysis of how social value is constructed, understood and utilised within public sector value for money decision making

Rachael Morgan

Abstract. In the UK, the economic and welfare crises, the value for money agenda in public spending and a focus on efficiency and effectiveness in public service provision have led to the inclusion of social value as a measurement of success within social policy, as evidenced by the adoption of the Public Services (Social Value) Act in 2012. In this context there is increasing emphasis on social providers to 'prove and improve' their social value through the use of calculative devices such as social cost-benefit analysis (CBA) and social return on investment (SROI) techniques. In a public sector commissioning and procurement context, social value can mean looking beyond traditional indicators of value, based around criteria such as cost and quality, to include factors such as the impact of service models on social isolation, mental health and well-being, and on wider social impacts such as local community cohesion, the local economy and the natural environment. These wider understandings of value, from a range of stakeholders, are now seen as key to sustainable development and achieving value for money in public sector spending. However, this agenda tends to overlook the socially constructed nature of social value results and their presentation, as debates continue around the multiple ways in which social value can be conceptualised and achieved.

This paper offers a critical analysis of how social value is constructed, understood and utilised in public sector decision making through the use of calculative devices, the institutional assemblages in which it is embedded, and the discursive framings used to legitimise and justify its use. The paper draws on existing academic literature, secondary sources and professional knowledge of the construction and utilisation of social value in the UK. The methodology employed enables the presentation of two new contributions to the social value literature, firstly by highlighting the underlying power-knowledge relationship between commissioning agent and provider in this arrangement, which prioritises cost savings and value for money a priori. Secondly, through the rendering of social outcomes as commensurable with monetary calculations, the commodification of social value is placed within a market based framework that masks the underlying agenda of calculative rationality. This approach presents the calculation of social value as an interesting case where two conventionally oppositional ideologies, of socially vs. economically progressive ends, are presented as potentially mutually inclusive and beneficial outcomes to be achieved, and assess to what extent this is accurate.

Keywords: Social value, Social impact, Evaluation and measurement, The Social Value Act, Social return on investment

1. Introduction

There is growing interest in social value in the public sector in England. The Public Services (Social Value) Act, introduced in 2012, requires that all public bodies in England and Wales now include consideration of social value, alongside more traditional criteria such as cost, in the commissioning and procurement of new services (Social Enterprise UK, 2012). The inclusion of social value, as a measure of success within social policy, is indicative of wider changes within the frontiers of valuation systems. The trend towards the implementation of valuation technologies aimed at quantifying wider social and environmental impacts in the past decade has been experienced by many social sector organisations (SSOs) working in the UK (Metcalf, 2013). Bracking et al (2014) argue that new markets and commodities are being created in key policy areas, putting prices, and thereby a value, on previously unpriced, but not necessarily unvalued things. In an increasingly resource poor and competitive environment there is growing pressure on SSOs to ‘prove’ the value of the work they do, at the same time as continually ‘improving’ through a commitment to performance management and innovation (Cox et al, 2012), in order to secure existing or new funding, investment and contracts. Additionally in England, the economic and welfare crises, combined with the ‘value for money’ agenda in public spending¹, have led to increasing pressure on SSOs to become more ‘effective’ at the same time as more ‘efficient’ in their public service provision (Vardakoulias, 2013).

The measurement and quantification of social value can be viewed within the context of wider practices of extending the frontiers in social, economic and environmental valuation systems. The current trend towards the inclusion of social and environmental impacts in decision making, which in classical economic terms are often regarded as ‘externalities’, has gained popularity in recent years across a number of areas of policy and programming. For Bracking et al. (2014), the inclusion of wider conceptualisations of what is considered valuable at a given time has a long history within the fluctuating frontiers of valuation systems, and the relative composition of the valued and unvalued, or ‘valueless’, groups, rather than being static, changes according to the moral, social and economic forces of the time. In this way it is argued that the process of value conceptualisation, rather than being a neutral articulation, is in fact a socially constructed practice underpinned by ideological and theoretical instances, as well as economic and political structures (Althusser, 1969 [1965]; 1969 in Ransome, 2010). Within this context, public sector management appears to be currently interested in making comprehensible the value of social outcomes within value for money decisions through both financial and non-financial calculative frameworks.

1.1 Social Sector Organisations and Social Value

It is important to note that the term social sector organisation (SSO) is employed within this paper to encompass any organisation with a social mission; this may also, as the Roberts

¹The Value for Money agenda encompasses a UK government-wide directive accounted for by the National Audit Office, that includes legal obligation to adhere to Best Value obligations under the Local Government Act 1999, whereby authorities should consider overall value, with regard to ‘a combination of economy, efficiency and effectiveness’ that includes economic, environmental and societal value when reviewing service provision (DCLG, 2011). In this way social value has been co-opted into considerations of the wider impact and value of initiatives as a means of assessing their value for money across all aspects of the economy.

Enterprise Development Fund (2001) highlights, include market-based enterprises with a financial mission, albeit operated within a non-profit structure. Within this categorisation the important differentiating factor is that the bottom line for SSO's is not market share or profit line, but social impact (Sherman and Connolly, 2011), based on the assumption that both the nature of SSO's and their component operating structures, have the creation of social value as their core goal (City of London Economic Development, 2013). Whilst there are issues with this categorisation, particularly regarding the possible hindrance to private sector involvement through the suggestion of mutual exclusivity between social and financial motives, it is helpful in considering the opportunities and perverse effects for SSO's to use social value to communicate the value of their impact in new ways (Wood and Leighton, 2010).

Against this background, the inclusion of social value as a means of assessing the social impact, and subsequent value of that change, of public sector services is significant. Whilst there are a range of agents and institutions, with a variety of ideological positions, involved in the production and use of social value, it can be argued that the underlying driver is ultimately economic (Metcalf, 2013). There may be a range of other motives for measuring and accounting for social value, such as the SSO's own desire to assess the effectiveness of their interventions (Metcalf, 2013), or as a means to demonstrate the value of their work beyond financial return (nef, 2009), however the majority of SSO's, having little income generating activities of their own, are reliant on external investment, grant funding and public sector contracts for their sustainability, with the government now accounting for a third of the sector's total income (Wood and Leighton, 2010). In this context social value can be understood as a technological tool, similar to traditional cost-benefit analysis, for enabling resource allocation decision making at a programmatic or policy level, its difference is in the *range* of costs and benefits which are to be included in, rather than discarded from, the analysis itself, that is, what is framed in and what is framed out.

1.2 Social Impact Measurement and Social Value

Broadly agreeing with the sentiment above, Waddington (2013) argues that the current interest in social value and social impact measurement can be viewed as simply one of the latest developments in a long history of social experiments and economic policy interventions in the West since the 1960s. The difference, for Waddington, in this new form of social impact assessment or measurement is in the 'range of interventions' covered and the ways in which impact practices are being carried out (2013). This range includes 'wider non-financial impacts of programmes, organisations and interventions, including the well-being of individuals and communities, social capital and the environment' (Wood and Leighton, 2010: 20), suggesting a move away from assessment focused purely on the impact of an intervention on the economy. As well as this broadening in range, the measurement of social impact and value also includes a focus on the longer-term effects (Nesta, 2013), and can be used in a predictive way to forecast the expected results of new or proposed programs and interventions (Sherman and Connolly, 2011). Therefore, whilst it can be argued that social impact and value measurement shares much in common with other forms of impact assessment (see Vanclay and Bronstein, 1995), it

is clear that one of the differentiations here is the inclusion of impact on *people* – their lives and environment (Inspiring Impact, 2013a) – at an individual and societal level, rather than solely on the economy or at a fiscal level. It is in this framework that wider social and environmental impacts are being drawn into valuation calculations.

It is important at this point to make a distinction between social impact and social value as separate but connected concepts. Whilst the two discourses currently appear to be overlapping within the presentation of social value (Cox et al, 2012), there is an important, often overlooked, distinction to be made between a didactic explanation of the changes that have occurred within society through an intervention through an empirically based observation – the ‘impact’ – and an ontological assumption about the *nature and importance* of that change, based on normative assessments of its ‘value’. This distinction has implications for the way that the concept is utilised and understood as part of valuation practices and decision making. In practice, whilst there is currently no single definition of social value (Wood and Leighton, 2010), it has been described as the ‘extra-financial’ value and can be understood as a collective term for assessing the relative value of social, economic and environmental outcomes most often in the context of resource allocation decisions² (Cox et al, 2012). Whilst the terms are sometimes used interchangeably, such that the social impact results of a project are often used as commensurate with its social value, the meanings assigned to each should not be, as the process of valuation involves underlying assumptions as to the value of the change at a societal level. This paper works with the distinction that social impact refers to the *change or difference* that activities make, which can be measured to assess how much impact has occurred; and social value as referring to the *value, financialised or not, attributed to that change* to individuals, society, the economy and the environment, often relative to its cost.

1.3 Social Value as ‘Valuation Technology’

This paper uses the conceptual framework, as developed and outlined by the LCSV, which seeks to understand valuation technologies through an analysis of the calculative entities, institutional assemblages and discursive framings within and by which valuation practices are performed (Bracking et al, 2014, Fredriksen et al, 2014). A key task is to understand *how* valuation technologies are designed, in order to understand ‘the deficiencies and possibilities of value in political, social and environmental terms’, and within this framework, the inclusion of social value, as a measurement of success within social policy, can be explored as an example of this ‘social articulation of valuation’ (Bracking et al, 2014) in practice. The introduction has identified that there are a number of ways of considering and interpreting the rise in inclusion of social value within public services procurement in England and Wales. The following section considers in more detail some of the ‘processes of economization’ (Caliskan and Callon, 2010) utilised in the quantification and calculation of social value, offering an exploration of the

² It is important to note here that, contrary to what might be expected, the term social value is most often used to encompass not just those changes that are of value to society, but also those that impact on the economy and the environment to give a blended return on investment. The rationale for this approach is that social value is understood as a framework for accounting for a broader concept of value that encompasses all three outcomes, in this way ensuring that the wider or ‘full’ impact of activities on society is included. In this way social value is used to encompass Elkington’s (2004) triple bottom line of return, suggesting that all the three elements are of equal value, in reality, as is outlined further below, the calculation of social value privileges certain forms of value through the methodologies employed.

difference between non-financial and financial valuation. This is followed by a review of some of the actors and institutions involved in the production, utilisation and performance of social value calculations through a case study example of the Social Value Act in practice. The final section discusses in further detail differing perspectives on social value and offers an analysis of three key discursive narratives that underpin the legitimisation of the concept as an accepted valuation practice.

The methodology employed enables the presentation of two new contributions to the social value literature, firstly by demonstrating how social service providers may be limited in their ability and incentives to offer alternative social outcomes, which may also be of value to society, to that included within the public sector contract mechanisms within which social value is embedded. This highlights the underlying power-knowledge relationship between commissioning agent and provider in this arrangement, which prioritises cost savings and value for money a priori, rather than achieving social outcomes that may be viewed as valuable to society in other ways. Secondly, through the rendering of social outcomes as commensurable with monetary calculations, either through financialisation or through more subtle valuation mechanisms, the commodification of social value is placed within a market based framework that masks the underlying agenda of calculative rationality. In these ways, the mechanisms underlying the calculation of social value place this framework not, as is often proposed, as an alternative to the market mechanisms driven by financial value, but rather as an additional technocratic tool that legitimises the prioritisation of social outcomes that ultimately have greater economic impact and offer the achievement of greater value for money in the long-run. An interesting question then becomes does the social value agenda offer a means to more socially progressive ends or does it serve to legitimise traditional neoliberal discourses directed towards economic maximisation at the expense of the social? Or does it offer a means to bring the two together in a mutually beneficial progression? It is not the objective of this paper to suggest which perspective is most appropriate; rather it endeavours to untangle how social value is constructed in this context through an analysis of the socio-technical arrangements in which it is formed. To be more precise, this paper aims to highlight the importance of considering the concept of social value and the values it is used to produce within the social, political and economic context in which it is formed rather than in isolation. It is the intention that, through deeper insight into how social value is constructed, the benefits and challenges of the utilisation of social value calculations within resource allocation decisions at a policy level will be better understood and managed, and offer insight into how the apparently conventionally opposite approaches to social development may be joined within this emerging framework of social valuation.

2. Calculating Social Value

In the public services context there is increasing emphasis on SSO's to 'prove and improve' their social value through the use of calculative devices such as social cost-benefit analysis (Social CBA) and social return on investment (SROI) techniques. In order to understand how

social value is constructed, this section considers first the key principles underpinning the quantification and assessment of social value, as well as offering an analysis of the ways that the value of this impact is calculated in both monetised and non-monetised forms.

There is considerable existing literature, of a guidance nature, covering the abundance and diversity of tools and methods available to SSO's looking to measure and evidence their social impact and value and considerable effort has been undertaken to consolidate, categorise and differentiate the techniques within the marketplace. As Metcalf (2013) highlights, there are currently over 130 tools and techniques that have been identified within NPC's Inspiring Impact project, covering a range of different operating sectors; reporting formats; levels of resources; knowledge required; and costs (Inspiring Impact, 2013a; Wood and Leighton, 2010; nef, 2009). They also range across proprietary measures owned and developed by funders and grant makers such as HACT's Social Value Bank, to organisations' own approaches, and those developed and adopted by the sector such as the Outcomes Star™ (Triangle Consulting), suggesting a fragmented approach to measuring impact and value (Wood and Leighton, 2010). Additionally, due to a lack of regulatory frameworks, the implementation of these methods and the subsequent reporting techniques vary widely across the sector (Inspiring Impact, 2013a).

In this context it can be difficult to highlight the key calculative devices being implemented within the performance of social valuation technologies. Whilst the marketplace offers a diversity of tools and methods, the guidance offered suggests that it is the principles, rather than the method, that enable an understanding of the social value of actions. Wood and Leighton, in their widely influential paper, identify six principles of measuring social value which they consider the 'fundamental elements of social reporting' (2010: 35). The SROI network, influential in the field of measuring social value, list seven core principles which underpin how an analysis should be applied (Cabinet Office, 2009a). For Nesta, a UK innovation charity and think tank, their concern is with 'standards of evidence'³ for impact investing rather than with particular types of data or specific research methods (Nesta, 2013). The Inspiring Impact project, an ambitious ten year collaborative programme intended to influence practice within the non-profit sector such that 'high quality impact measurement' is the norm by 2022, also steers away from the recommendation of particular methods, rather offering guidance on a 'code of good impact practice' and principles for funder's to support driving this good practice forwards (Inspiring Impact, 2013b). Within this context, it is the underlying principles, in turn influencing the techniques applied, that form the framework within which social value is calculated. Table 2.1 outlines the principles underpinning three approaches to social value reporting, demonstrating that, whilst there are important distinctions, there is also considerable overlap between the principles that enables comparisons to be drawn. The principles of SROI are then outlined in more detail below, as an example of one of the most common approaches to calculating social value.

³ Nesta's standards of evidence are more concerned with how evidence is gathered, interpreted or assessed, on a scale from 1 to 5, in order to ensure results are more robust and consistent for impact investment decisions. The standards list expectations and how evidence can be generated at each level, ranging from level 1 where the expectation is an organisation can give an account of their impact, evidenced by existing data and research, to level 5 where the expectation is an organisation can show how their activity could be replicated and scaled up whilst continuing to have direct impact and remain financially viable, this should be evidenced by multiple replication evaluations; future scenario analysis and fidelity evaluation (Puttick and Ludlow, 2012).

Table 2.1: The principles of three approaches to Social Reporting

| Concepts | Principles of SROI | Demos Fundamental elements of social reporting | Inspiring Impact's Code of Good Impact Practice |
|--|--------------------------------|---|--|
| Stakeholder engagement | Involve stakeholders | Stakeholder participation | Involve others in your impact practice |
| Theory of change | Understanding what changes | Measuring distance travelled | Focus on purpose |
| Valuation | Valuing the things that matter | Financial valuation of outputs or outcomes | <i>Not included</i> |
| Inclusion/exclusion criteria | Only include what is material | Measure wider impact | Consider the full range of difference you actually make |
| Proportionality and reliability | Do not over-claim | Measuring outputs and outcomes quantitatively and qualitatively | Apply proportionate and appropriate methods and resources |
| Transparency | Be transparent | <i>Not included</i> | Be honest and open |
| Dissemination of results | Verify the result | <i>Not included</i> | Actively share your impact plans, methods, findings and learning |
| Ownership and embedding culture | <i>Not included</i> | <i>Not included</i> | Take responsibility for impact and encourage others to do so too |
| Learning and development | <i>Not included</i> | <i>Not included</i> | Be willing to change and act on what you find |

Source: Cabinet Office, 2009a; Wood and Leighton, 2010; Inspiring Impact, 2013b

2.1 Analysis of the principles for calculating Social Value

Whilst there are inevitably variations between institutional approaches, the principles underlying the calculation of social value are most comprehensively represented in the seven core principles of Social Return on Investment (SROI) methodology, and it is these principles that form a starting off point for further iterations in use (Cabinet Office, 2009a). Additionally, the SROI principles include the calculation of social value through the use of financial approximation techniques, a principle unique to this approach. It is to an analysis of these core principles that this paper now turns.

SROI core principle 1: Involving stakeholders

The principle of stakeholder participation, a core element across many methods of both measuring social impact and calculating its social value, seeks to involve all groups and entities, that experience change as a direct result of the intervention, in the process of deciding what is measured, and how this measurement and valuation are performed (Cabinet Office, 2009a; Inspiring Impact, 2013a). The guidance suggests that stakeholders must be identified, consulted throughout the analysis, and included in the reporting process for three main reasons: to create ownership of the process and results; to ensure the value analysis is robust and credible; and to inform further learning and development.

In the first instance, the creation of participant ownership is concerned with ensuring that the measurement of social value is embedded within the culture of an organisation, rather than regarded as a 'box-ticking', bureaucratic process (Inspiring Impact, 2013a). For SSO's, who regard the creation of social impact and value as core to their organisational aims and objectives (REDF, 2001), focusing staff and volunteers on these as priorities is perceived as a key motivating factor, in much the same way as focusing on driving up financial profit in a commercial entity is regarded as a way to improve performance and results. Additionally, by understanding both the aims of the organisation – i.e. what type of social value and how much – and the needs of their core customers, that is, the key beneficiaries of their work, the organisation is better placed to provide their services more efficiently and effectively and prove to their investors that they are generating a good return on their investment.

Secondly, including stakeholders within the practice of social value calculation is considered a way to improve the credibility of the results presented by enabling the inclusion of differing perspectives on value, ensuring that the analysis is not biased, has been tested amongst those who are affected and is therefore considered more robust. For each stakeholder, there should be a clear chain of evidence outlining decisions regarding inclusion/exclusion criteria and the results of consultations, surveys and interviews supporting the generation of the value discovered. The logic of this level of rigour at an organisational level involves negotiating the relationship between demonstrating the legitimacy and value of their work for external funding purposes, and providing learning and development outcomes as part of their program management cycle (Inspiring Impact, 2013b). There is often an inherent conflict of interest here that needs to be navigated based on the other principles below.

SROI core principle 2: Theory of change

A related notion to involving stakeholders, this principle articulates how change and value are created for different stakeholders as a result of the activities undertaken. The underlying process of calculating social value should comprise the inclusion of positive and negative outcomes, as well as those that are intended or unintended by the organisation, within a theory of how these changes occurred and supported by a trail of evidence. The process of constructing a 'theory of change' or 'impact map' enables the SSO to consider the 'full range of impact' that occurs, including longer term and wider impacts that may be of value to other

stakeholders (Inspiring Impact, 2013b). Essentially one of the key benefits for funders, concerned with cost savings in the medium term by focusing on the causes of social issues today (Cox et al, 2012), is that the construction of a theory of change enables an analysis of strands of causality between outputs and outcomes achieved. This is understood as valuable in order to improve effectiveness, enabling SSO's, and their funders, to target resources by replicating and increasing positive impacts whilst at the same time mitigating or offsetting negative impacts and to aid learning and an understanding of 'what works', and what doesn't in creating social value, ultimately leading to increased investment in interventions that can demonstrate their success and their value for money in terms of social return on investment.

SROI core principle 3: Valuing the things that matter

Principle three relates, within SROI methodology, to the concept of attributing financial values to outcomes, most often social and environmental, that are currently untraded and therefore without an equivalent market price (Cabinet Office, 2009c). These untraded outcomes are comprehended as having a value but due to their 'exclusion' from the market this value is not recognised. It is argued, within this perspective, that by making these outcomes commensurate with monetary representation, through the use of financial approximations, or 'proxies', their value will be acknowledged and comprehensible to those both within, and external to, the activity. Whilst the techniques of financialisation (Fredriksen et al, 2014) have gained considerable interest at an academic level, and are being performed as part of a number of valuation practices within environmental economics, the uptake in practice within the analysis of social value is currently lower than the level of interest may suggest (Cox et al, 2012). The rationale for this slower than anticipated adoption is discussed in detail in section 4.2; at this point it is sufficient to note that the practice of financialisation is, far from being an accepted and widely performed methodology, currently fraught with pragmatic and conceptual issues in the field of social value.

In practice, there appears to be a split between outcomes considered easier to measure and value, often referred to as 'hard' outcomes, such as changes in employment status, and those outcomes regarded as more subjective and therefore more difficult to quantify in a robust and reliable way. These 'softer' outcomes may include changes in behaviours such as personal and social well-being, confidence and self-esteem. Whilst the principles of SROI assert that all outcomes are commensurable with economic price, and therefore both hard and soft outcomes should be included within the financialisation methodology, in reality there has been a reluctance to assign financial values to these more subjective and personal social outcomes. This has led to a split, whereby, the financialisation of outcomes with values regarded as reliable and quantifiable, i.e. those with either a direct financial impact on stakeholders or an equivalent cost saving to the state, are included within the SROI analysis. Whereas outcomes regarded as less quantifiable and more subjective in nature are often included as 'additional social value' and are included within the evaluation through a mix of quantitative and qualitative measures. The danger here is that the principle of 'valuing the things that matter' becomes diluted, such that outcomes that are more economic in nature, or are regarded as of greater benefit to the wider

society realised through cost savings, are preferenced over those that are arguably more valuable to the individual, which may become discarded from the analysis due to their more intangible nature. This diluted version presents a two tier system of social value, with those outcomes reported within an economic framework considered more comparable, robust and their value more comprehensible than those that are harder to measure, quantify and financialise. The tendency may be then to regard these softer outcomes as additional benefits to the program, rather than as core components in the calculation of a project's social value. This practice, of a two tier valuation system, demonstrates that the value of social outcomes is implied through their inclusion or exclusion from the financial analysis itself, and those that are absent from these calculations are inherently less valuable than their more economic counterparts. As a calculative device then, social value, rather than calculating the full value of social change through price (Cochoy, 2008), more often, is utilised to commodify certain aspects of social value through their presence or absence within the analysis at all.

Case Study1: Oldham Council Social Value Procurement Framework

The Oldham Council Social Value Procurement Framework (SVPF) was developed in 2013 in line with the Council's aims of ensuring a co-operative and socially responsible approach to commissioning and procurement of services across the borough. Oldham Council spends in excess of £232 million with around 5,700 trade suppliers per year (Oldham Council, 2013), therefore ensuring that these suppliers formally and consistently are contracted to deliver and monitor social value contributions is regarded as making a major contribution to meeting the strategic priorities of the borough. These priorities include:

- securing the maximum possible value from every pound of public money spent;
- taking into account not only the cost but also the broader value of each contract to include wider social, environmental and economic outcomes;
- adopting an outcomes focused approach, rather than focusing on services or outputs;
- delivering both job and economic growth at a local level;
- adhering to the wider public service reform agenda such as reducing demand, investing in prevention, and shifting investment away from acute interventions.

(Oldham Council, 2013)

The development of the SVPF to reflect and deliver on these priorities included a number of internal and external stakeholders including Cabinet members, internal leaders within the Council, Voluntary Action Oldham, First Choice Homes Oldham and the local Clinical Commissioning Group, however it is clear that the outcomes included have been determined through a top-down approach based on the Council's current organisational objectives, rather than being driven by local resident consultation and participation. Whilst these are not necessarily mutually exclusive, there is a clear focus on the social and economic outcomes considered more tangible and quantifiable, and valuable for society as a whole rather than on those that may impact on the individual in a more intangible way. Table 2.2 outlines the SVPF

themes, the eight included outcomes and examples of how social value could be delivered in each area.

Table 2.2: Oldham Council’s Social Value Procurement Framework

(Source: Oldham Council, 2013)

| Theme | Outcomes: What are we trying to achieve? | What could this mean in practice for suppliers? What could they deliver? (NB. These are examples only – not an exhaustive list) |
|--|---|---|
| a) Jobs, growth, and productivity | Outcome 1: More local people in work | Create x number of new jobs in the local economy (i.e. within the borough of Oldham) Create x number of traineeships (including apprenticeships) for Oldham borough residents Provide x number of days of meaningful work experience for Oldham borough residents Support x number of people back to work by providing career mentoring for job clubs, including mock interviews, CV advice, and careers guidance Supporting young people into work by delivering employability support (e.g. CV advice, mock interviews, careers guidance) to x number of school and college students Employ x number of ex-offenders (or other group of people who typically face additional challenges in competing in the labour market) |
| | Outcome 2: A local workforce which is fairly paid and positively supported by employers | Pay staff the Living Wage Increase rates of pay for lowest-paid staff by x% Improve the skills levels of existing staff by training x% of the workforce to Level 2/3/4 (for example) Reduce average sickness absence by x% through an improved health, wellbeing and support package for staff Identify all staff who are carers and ensure flexible working practices are implemented to support these responsibilities within x weeks of contract start date |
| | Outcome 3: Thriving local businesses | Support x number of new business start-ups by running practical workshops with enterprise clubs Support the local economy by spending x% of total expenditure in the local supply chain (i.e. within the borough of Oldham) - this could be measured with tools such as LM3 Support the local supply chain by spending x% of total expenditure in a 10-mile radius / within the borough of Oldham Attract £x worth of inward investment into the borough |
| | Outcome 4: Responsible businesses that do their bit for Oldham | Secure positive profile for Oldham through x number of positive stories in the national media Support Oldham’s Fairtrade Town status by ensuring that x% of food products in the supply-chain is Fairtrade Secure £x-worth of investment in, or in-kind contributions to, fuel poverty initiatives in Oldham Support staff, service users and residents to fundraise £x for the Co-operative Oldham Fund (and/or match-fund x% of the total funds raised). |

| | | |
|---|--|--|
| b) Resilient communities and a strong voluntary sector | Outcome 5: An effective and resilient third sector | <p>Contribute x number of hours of business planning support/financial advice/legal advice/HR advice to community and voluntary organisation through an Employer-Supported Volunteering scheme</p> <p>Provide facilities for use by community and voluntary organisations for x number of hours per year</p> <p>Work with community and voluntary organisations to create x number of new volunteering opportunities in the borough</p> <p>Support local third sector organisations through the supply chain by spending x% of total expenditure with community and voluntary sector providers based in the Oldham borough</p> |
| | Outcome 6: Individuals and communities enabled and supported to help themselves and each other | <p>X% of service users supported to self-help</p> <p>Coordinate and run a befriending scheme to reduce social isolation (and thus prevent the consequences of social isolation) for x number of older people</p> <p>X% of customers directed towards lower-cost forms of contact (e.g. phone or web rather than face-to-face), including training service users to use IT as necessary</p> <p>Support x number of service users to engage in volunteering</p> <p>Work with x number of service users to design/deliver the service</p> <p>Deliver the service on a localised basis so that the average distance to travel to access the service is reduced by x miles</p> <p>X% of residential social care users supported to live independently</p> |
| c) Prevention and demand management | Outcome 7: Acute problems are avoided and costs are reduced by investing in prevention | <p>X% overall spend disinvested from acute interventions and reinvested in prevention</p> <p>Support more people to manage their finances effectively by increasing the number of residents who save with Oldham Credit Union by x</p> <p>Support prevention by running education and publicity campaigns with specific targets (e.g. support x number of staff/residents/service users to stop smoking/increase their physical activity/access money advice)</p> |
| d) A clean and protected physical environment | Outcome 8: We are protecting our physical environment and contributing to climate change reduction | <p>Reduce the amount of waste generated by x% compared to previous contract</p> <p>Reduce the amount of waste sent to landfill by x% compared to previous contract</p> <p>Reduce carbon emissions by x% per year</p> <p>Reduce overall energy consumption/water consumption by x% per year</p> <p>Increase the use of renewable energy/community-generated renewable energy as a proportion of total energy consumption by x% over the lifetime of the contract (without increasing overall energy consumption)</p> <p>Support x number of households to better manage their energy demands through improvements in the fabric of their homes, bringing them out of fuel poverty and contributing to climate change goals</p> |

The themes, outcomes and practical delivery examples (indicators) of social value contained within this procurement framework have a clear relation to the achievement of economic objectives within the borough, with a strong focus on jobs, growth, productivity, and cost reduction. Additionally the framework appears to privilege certain forms of information over others, through the use of quantitative indicators, perhaps driven by time and resource poor realities within the monitoring teams. The proposed Contract Management System mentioned may have further scope for a range of indicators but it may still have an overtly economic rather than necessarily social focus.

At a practical level the framework is utilised within the procurement and commissioning process through the inclusion of ‘at least one question pertaining to social value’ (Oldham Council, 2013: 5) within the tender documentation, with at least one social value outcome included in every procurement exercise. In practice, the process follows a prescriptive formula whereby the framework is utilised to identify which of the eight outcomes are considered appropriate for inclusion based on what is ‘relevant and proportionate’ (*ibid.*: 5) for each contract. Suppliers are then scored on their responses to questions relating to the identified outcomes regarding how they will deliver, measure and verify their achievement of the social value outcomes identified. At this present time there is little detail available as to the scoring or comparison mechanisms utilised within this process.

Developing the monitoring and evaluation framework to assess the ongoing performance of delivery against Oldham’s social value outcomes is ongoing. In the short term, the impact of the framework is being measured through a mixture of overview reports; management information; high-level indicative proxy measures, and feedback from suppliers. At present this monitoring relates more to the efficacy of the SVPF as a commissioning tool, rather than on an assessment of the amount of social value achieved by suppliers across the Borough, although this may form part of the longer term strategy. One interesting aspect of the ongoing development of the framework includes the proposition, once enough data has been collected, to rank suppliers against each other based on their previous track record of delivering social value (Oldham Council, 2013: 8). It is believed that this will generate competition and incentives for positive participation within the SVPF. At this stage there is little explanation of how this ranking may be achieved, how outcomes would be compared against each other, and any qualitative aspects of this agenda, or how any ethical issues related to this comparative framework would be addressed.

A key aspect of the SVPF includes a need for contributions to be *specific and measurable* as a core part of both the tender and the contract management processes. In September 2014 as part of a review of the effectiveness of embedding the Social Value criteria across the Council’s contracts it was emphasised that evaluation should focus on ‘tangible’ outcomes (Oldham Council, 2014: 1, 2, 6, and 8). The review outlines that the Council at the time of writing had no formal monitoring process on social value, whilst under development, an additional short term measure – a ‘Social Value and Performance scorecard’ approach is proposed in the interim. This includes development of quantifiable KPI’s based on tangible measures (*ibid.*: 6), such as those outlined in the SVPF above. For those outcomes not considered to have tangible

measures, the proposal outlines a number of proxy indicators (related to areas such as numbers of new-jobs, percent spend with local and third sector organisations, and number of people paid Living Wage), understood as ‘indirect measures’ which approximate a pattern of social value. Whilst Oldham Council should be applauded for their efforts to include consideration of social value within their procurement and commissioning processes, and have been recognised as a leading authority on embedding social values, this case clearly demonstrates that there are issues inherent within the measurement of social value that remain unresolved, these include a preference for measureable, quantifiable and tangible outcomes, over those that remain more intangible but none the less valuable to both individuals and society as a whole, a need to define how to monitor and assess both the quantity and quality of social value created, and further elucidation of the mechanisms for comparison of suppliers within the proposed ranking system. Additionally this case highlights how the outcomes, measures and KPI’s relate primarily to the achievement of economic goals for Oldham, rather than seeing social impact as an end in itself.

SROI core principle 4: Materiality

In recognition of the need for SSOs to apply proportionate methods and resources to social value calculation, the principle of materiality is applied to determine which information and evidence should be included within the analysis to give a ‘true and fair picture’ of the value created. The process of deciding what is material is generally determined by a range of factors including the SSOs’ own values and ethos, the purpose of the evaluation, for whom and for what the evaluation is being carried out, as well as in consultation with the stakeholders identified through principle one (involving stakeholders). The purpose of this principle is to ensure that the SSO is able to focus resources, set realistic goals for the analysis and that it is appropriate to the scale and scope of its work. In practice, determining what is material is often predetermined by the requirements of the external funders or investors upon which the SSO relies for its continuation. These may or may not align precisely with their own organisational aims and, perhaps more importantly, the needs of the beneficiaries for which they are intended to operate.

SROI core principle 5: Over-claiming

This principle refers to the use of mediators and moderators to ensure that SSOs are not over-claiming the amount of value that can be reasonably attributed to their activities. Within SROI methodology the process involves assigning percentage weightings to attribution, deadweight, displacement and drop-off, the resultant values of which are subtracted from the total social value created. Within non financialised social value calculations this process is undergone through the use of benchmarking, control groups and random participant selection accompanied by a qualitative explanation of results. This principle demonstrates commitment to ideals embedded within, as Hall outlines in his paper on third sector logics of evaluation, a commitment to a scientific evaluation logic which includes the use of ‘systematic observation, observable and measureable evidence, and objective and robust experimental procedures’

(2014: 15). Hall's work on evaluation logics helps us to consider how, by emphasising the technical aspect of the technique, the principles of SROI are often held up as the gold standard in calculating social value, or utilised within best practice guidance as a starting off point. What this shows us is that there is a concern within the sector to demonstrate the scientific nature of social valuation practice, which is viewed as necessary to bolster its credibility and legitimacy when compared alongside more established and accepted economic decision making analyses.

SROI core principle 6: Transparency

The principle of transparency is another core component of the commitment to robust analysis, and the concern with credibility within social value calculation. This principle requires that for each outcome and subsequent value included within the analysis, there should be clear documentation evidencing the process, decisions on inclusion/exclusion criteria and how the value was discovered, in order to support its accuracy and therefore its credibility. Additionally, this principle requires that SSOs include an account of how the findings will result in changes to further iterations of the intervention. This includes transparency where negative outcomes, or underachievement of intended outcomes, have occurred as part of a learning and improvement process, leading to more effective services for beneficiaries. This process includes an assumption that SSOs work with funders who support this learning environment and are willing to reinvest in programs or SSOs who have failed to meet their targets.

SROI core principle 7: Accountability

In recognition of the subjective nature of social value calculation, this principle suggests that assessment by a panel of independent experts will assure both those involved in the production of the results, and those who may go on to implement actions as a consequence of those results, that the analysis has been conducted accurately, accountably and transparently. There is currently no compulsory social value reporting framework, although through the office of the regulator of Community Interest Companies all CIC's must declare how their activities have been of benefit to the community on an annual basis alongside their financial accounts (UK Government regulator of CIC's⁴). As a result, adherence to this principle is low and varies between SSOs dependent on their own commitment and regulations stipulated by their funders. In addition, this principle includes the communication of findings and learning with those stakeholders involved in the production of the analysis as a means of testing the validity of the value discovered. SSO's are then encouraged to disseminate their findings as a marketing and fundraising tool; to contribute to the wider knowledge of the sector; to enable funders to make resource allocation decisions; and to support an environment of innovation in social service provision.

⁴ See <https://www.gov.uk/government/publications/community-interest-companies-business-activities> for further information on this regulation.

This commitment to the principles of ‘good’ social valuation practice is regarded both as fundamental to proving the value of the SSO sector consistently and accurately, and as a means to achieving a universal standard of measuring social value across the sector. It is these principles that guide and shape the tools or methodologies employed in the performance of social value calculations. However, as has been described, these principles are based on a number of assumptions including normative commitments to logics of evaluation that privilege certain forms of knowledge – i.e., quantitative rather than qualitative – and methods of knowledge generation – i.e. the scientific rather than a more open ended commitment to learning evaluation (Hall, 2014). These assumptions and commitments have consequences for the ways that social value is measured, calculated and ultimately utilised within decision making. The process of performing social value masks the assumptions that underpin its calculative rationality, causing the findings to be regarded perhaps as more socially progressive than they actually are.

3. Embedding Social Value

It is clear that in a public sector commissioning and procurement context, social value can mean looking beyond traditional indicators of value, based around criteria such as cost and quality, to include factors such as the impact of service models on social isolation, mental health and well-being, and on wider social impacts such as local community cohesion, the local economy and the natural environment (Cox et al, 2012). The principles outlined above offer a constructive framework for comprehending how the intangible aspects of social value can be calculated through the use of underlying principles and practice. Additionally, the calculation of social value is performed within various assemblages that, through their material decisions, determine not just the ideas, thoughts and meanings of social value, but also how the concept of social value is embedded within the social practices and institutions of this sphere. The adoption of social value ideas and practices in this context is an example of Foucault’s discursive practice in action (Foucault, 1972 [1969], 1977 [1975], 1979 [1976] in Ransome, 2010).

If, as Foucault suggests, discursive practice is a manifestation of power, and social actors desire the kinds of power that come with knowledge, that is ‘power-knowledge’, then control over the construction and operation of the codes of meaning and frames of reference that define social value are in themselves a form of power-knowledge (Ransome, 2010). In the following section the key discourses used to construct and legitimise the concept of social value are discussed. The focus of this section is on an example of the *non-discursive* elements of the apparatus, or *dispositif*, that is the material structures in the form of social practices and institutions that underpin the way that social value is given meaning, and ultimately through which power-knowledge operates in this context.

Case Study 2: The Well-being Worker Service

In 2015 Lancashire County Council Public Health (LCC) began a procurement process for a new Wellbeing Worker Service for Vulnerable Adults (WWS) across the three regions of

Lancashire. The stated aims of this service are to support vulnerable adults at risk of health or social care crises to address the underlying causes of their vulnerability by improving their wellbeing and personal resilience to crises. The ultimate goal of the WWS is to prevent, reduce or delay a need for more intensive and expensive health and social care interventions in the future (LCC, 2015). As part of the process of commissioning this service an intensive tendering process was undertaken involving the completion of an initial expression of interest round and, where successful, an invitation to submit a full tender through demonstrating how providers will meet the service objectives, outcomes and impact.

The LCC WWS case is of interest to the study of social valuation practices as it includes a need for providers to articulate how they will create added social value through their activities and also involves the creation, measurement and evaluation of social value through the focus on improved well-being inherent within the service aims. It is a key example of how power-knowledge is held in the hands of those who determine what social value is to be produced, rather than necessarily considering the needs or desires of the individuals involved, as a means for generating more value for money and financial savings to the state in the long term through prevention and reduction strategies. The ways that social value is embedded through commissioning and procurement practice are now discussed in the context of this case study.

Within the provision of social services in this case there are three key material stages where social value is formed and given meaning, including the initial contract negotiation, the contract performance, and the contract evaluation. Within each of these stages there are underlying legal, political and cultural systems that determine how social value is interpreted, enacted and evaluated by the institutions involved.

Negotiating social value

The first stage of contract negotiation begins when the commissioning institution determines what the 'need' is that the proposed service will address. These service needs are determined by a range of local and national priorities, themselves underpinned by the economic structure of which they are a part. This is evident in current national priorities with a focus on prevention and early intervention (Cox et al, 2012), ultimately aimed at reducing the burden of costs in the long term on social service provision. At the same time, this increased effectiveness must be achieved alongside increased efficiency, either by reducing the costs of provision or by providing more and thereby reducing the cost price per person. Social value in this context is used to indicate the added benefits that could be achieved through the service provision at the same price per person.

As well as determining which needs will be addressed by the service, the commissioner's role is to incorporate within the tendered contract the value that will be attributed to specific areas of the service, such as the outputs to be delivered and the outcomes to be achieved. This is included within the weighting and scoring mechanisms given to responses within the tender process. Within the wellbeing worker service (Lancashire County Council Public Health, 2015 forthcoming) case the weighting is 70% towards quality and 30% on price. Of this price, 10% is

allocated to the demonstration of consideration of social value through the questions: 6c, 'Describe the added value in terms of outcomes for service users that you can deliver for the rates submitted'; and 6d, 'Describe the added value in terms of financial efficiencies that you will deliver for the rates submitted', where rates means the price per person offered in Q6a. The price per person is weighted at 20%, suggesting that cost savings are more valuable than the potential added value of social impacts at this current period in time. The decision as to how social value is incorporated through this scoring mechanism is determined by the value and meaning system that is adopted by the commissioning authority and, in turn, leads to the determination of the worth of social value.

Within this context the role of the potential provider is predetermined by the questions and scoring mechanism allocated within the tendered contract. Whilst there can be an element of innovation and autonomy in the answers offered in response to these questions, there is little opportunity to operate outside the confines of the structure they are offered. This means that, whilst the achievement of certain social outcomes, such as improved mental health and personal resilience, are included within the contract, there are alternative outcomes that are noticeable only by their absence, for example personal autonomy and improved employment prospects. The provider is limited in their ability and incentives to offer alternative social outcomes, which may be of value to society, through the meanings attached to social value embedded within the contract mechanism. As such, the power-knowledge in this case is held by the commissioning agent.

Performing social value

Additionally, there is limited ability for the provider to demonstrate the achievement of alternative social outcomes through the quality assessment and performance management frameworks developed and included within the service design itself. Whilst it has been shown that there are numerous tools and methods available to assess the quality and performance of social impact and its relative social value, in this case there is a significant element of prescription within the assessment framework that limits the possibility for capturing unexpected outcomes within this context. The KPI framework in this case is based on four metrics, developed in partnership with Social Finance, a social investment broker, including: effective referral and support, improvements in overall well-being, and reduction in health and social care usage. The service specification also includes tools linked to each of the KPI metrics, such as a well-being wheel, a short version of the Warwick and Edinburgh mental wellbeing scale, and NHS data on service usage. It is the expectation that providers will assess and be assessed on their achievement of these outcomes and whilst at present there is no payment by results factor within the contract, there is the provision for this element of incentivised payments within the lifetime of the contract. There is a clear impetus for providers to focus their activities and evaluation on these areas at the expense of other outcomes that may be of social value.

Table 3.1: Well-Being Metric Framework for WWS

| WB Metric | Getting Assessment Right | Effective referral and support | Overall well-being | Health and care |
|-------------------------|---|--|---|---|
| Purpose | used to assess whether service is effective and how it can be improved for users | Participants referred to other services in community, nationally comparable measures related to 8 domains of wellbeing wheel, build case for effectiveness of services used by participants. | primary outcome metric | used to build business case for interventions important for commissioners |
| Measurement Tool | Get the Most out of Life tool (GMOL) | GMOL domain indicators | Short WEMWBS (SWEMWBS) | Assessed through service usage |
| Details | Needs identified with individuals and prioritised to improve WB. ‘Well-Being wheel’. Help identify unmet needs and ensure co-production of action plans with participants. | Participants referred to other services in community, nationally comparable measures related to 8 domains of wellbeing wheel, build case for effectiveness of services used by participants. | | Attribution and other statistical analysis may be done by a third party. |
| Assessment | The Get the Most out of Life Tool/Wellbeing Wheel/Health trainer health behaviour assessment will help narrow down the core areas of need (categories to include: Health & Fitness, Home & Garden, Learning & Leisure, Mobility & Transport, Community Groups & Involvement, Employment Volunteering & Training, Relationships & Families, Managing Finance) and should be used to assess a minimum of 50% of participants. Success would be improvements in 2 of 8 domains 3 months after identified. | A subset of participants (c.20-30%) as a percentage of the group above will be asked about more detailed indicators to better understand key assessed needs. Detailed indicators will include 3-5 national indicators relating to each of the categories in the Get the Most out of Life Tool (see above). The indicators will be made available to service providers. 3-5 qs will be asked for the prioritised domains for a subset of individuals at assessment and 3 months post assessment. | Will be used at entry, 3 months and 6 months after entering service. Previous studies show 20-30% improvement on this metric. | For a subset of participants (c.20-30%) there is a requirement to collect (desegregated by self-report versus referral) information the following by either the referrer or by asking the individual about health and social care usage: How many times did you visit your GP in the last year? How many times did you visit A&E in the last year? How many emergency admissions have you had in the last year? Have you applied for social care support or changes to your current support package in the last year? |

(Source: LCC WWS, April 2015)

In the case of the wellbeing worker service (Lancashire County Council Public Health, 2015 forthcoming), both the outcomes to be performed and the tools required to evidence their performance are included within the contract specification. Whilst there is the provision of an element of negotiation to be determined between the commissioning authority and the successful provider, the key performance indicators included within the quality assessment and performance management framework are clearly outlined and aligned to the underlying aims and objectives of the service – in this case a reduction in the longer term costs of social care usage. There is little provision within this framework for the achievement of outcomes considered as outside of the performance management framework. The meaning of social value is incorporated into the contract performance stage through the predetermination of which social outcomes will be counted, measured and evaluated.

3.1 Evaluating social value

The evaluation process included within the contracted service, strongly linked to the underlying quality assessment and performance framework, is another stage within which social value is performed in this case. At this stage the commissioner and provider have the opportunity to consider whether the service has achieved its aims and objectives through an assessment of both the achievement of the key performance indicators and the inclusion of external auditing. The social value of the service is assessed in relation to the financial and non-financial (in kind) costs of delivering it, the quantity and quality of included outcomes achieved and plans for improvements through innovation and increased efficiencies in terms of increased outcomes going forwards. In this way social value is placed within a framework of social return on investment through a subtle calculative rationality that renders the worth of the achievement of social outcomes as commensurable with monetary calculations. This may be less explicit than the performance of financialisation but it has the same effect, the commodification of social value within a market based framework.

In this context it also becomes debatable whether there is any incentive for the provider to deliver services that address needs not contained within the contract. Whilst there is some room for innovation in services and in the capture or achievement of outcomes that fall outside of the reporting framework developed, there may be considerable financial cost to the provider for including this level of self-evaluation, with often no financial provision for these additional costs nor incentivised payments to achieve additional outcomes included within the contract payment scheme. The provider may have some control over how figures and results are produced and presented, but they also have an economic incentive to downplay negative impacts and overclaim the amount of social value achieved. The focus for the provider is on utilising social value as a means of proving their value to commissioners/funders and thereby legitimising their existence, rather than on delivering real impact to service users.

3.2 Institutionalising social value

The different institutional assemblages within which social value is embedded such as the commissioner-provider, provider-service user, and infrastructure organisations-government all have an impact on its production and raise important questions about the best ways to understand the deficiencies and possibilities of social value calculation. There are a number of factors that practitioners and researchers should consider regarding how social value is operationalised through the power relationships that are increasingly embedded within social valuation practice. While research suggests that SSO's may be driven by their own desires to measure social value (Metcalf, 2013), in reality the ability to determine the calculation of social value, as shown in the case study above, is weighted towards the requirements of commissioners and funders, in turn influenced by pressures at local and national policy levels. To support the reception of social valuation by the various actors involved in its production, there is a need for logical and plausible rhetoric about the benefits and value of including social value calculation within public service delivery and decision making. Such discourse has a necessity to conceal both key practical assumptions, as outlined above, as well as the intrinsic and often concealed concerns relating to the underlying motivations for calculating social value. It is to some of these discourses that this paper now turns.

4. Framing Social Value

As the account above of calculating and embedding social value suggests, there are a number of practical and methodological issues that must be considered when quantifying social value and utilising the results within decision making processes. Moreover, at a theoretical level, there are a number of conceptual issues with valuing social outcomes in this way. Whilst it may be clear that the wider understandings of value, from a range of stakeholders, are now regarded as key to sustainable development and achieving value for money in public sector spending, this agenda tends to overlook the socially constructed nature of social value results and their presentation, as debates continue around the multiple ways in which social value can be conceptualised and achieved.

It can be argued that, the inclusion of social value within new legislation, such as the Social Value Act and the Scottish National Parties Sustainable Procurement Bill, is indicative of a political response to wider changes in social priorities (Cox et al, 2012) and attitudes to growth and development. This inclusion reflects wider trends within international development over the past two decades (Wittlesea and Jones, 2005), where there have been major shifts away from a focus on economic utilitarianism, towards what is described as a more egalitarian, holistic and perhaps more complex view of what is central to 'real' human development in the 21st century (Dowling, 2005; Sen, 2001). There is now considerable pressure on governing institutions to recognise, as Weber and Polanyi both proposed, the role and value of non-economic factors in shaping society (Nussbaum and Sen, 1993). Furthermore, within an era of increasing demand and decreasing provision of public sector finance there is an even greater burden on policy

makers to evidence the 'genuine' value for money of their decisions (Wood and Leighton, 2010).

Within this context a number of narratives can be identified that seek to legitimise and reinforce the development of social valuation as an accepted mode of operation which is becoming increasingly embedded within the institutions of society. Whilst social value is predominately presented as a means to improve the social and environmental prospects for society, there is a need to determine to what extent, in reality, the economic aspect overshadows the achievement of real social benefit. Is social value in fact a myth, presented as an almost utopian ideal, but in fact utilised as part of a set of organising principles to misdirect attention away from the real goal of economic benefit? And if so, does it matter? Is the inclusion of social value, in any manner, still better than the alternative purely economic equation? The danger in this case is that social value calculation is utilised within the legitimisation in reductions in public service provision overall, which within a purely economic cost benefit analysis may be rationalised, but the determination of social value is presented as taking into consideration the wider non-economic values of society, which may mean more rather than less public service provision, at the expense of the economic. This section addresses these concerns, through an overview of three key discourses used to construct and legitimise the concept of social value in this context.

4.1 Wellbeing equals Social Value

The shift in societal perceptions from interpretations of economic efficiency, described as more 'narrow', as generating value for money towards the inclusion of wider social and environmental impacts, or social efficiencies (Wood and Leighton, 2010), viewed as 'broader' or fuller pictures of value for money, has had an impact on the way that social progress is measured and understood (Cox et al, 2012). In recent years there has been a general move in government away from a reliance on traditional progress measures such as gross domestic product (GDP) towards indicators that focus on changes in well-being, equality and quality of life (Abdallah et al, 2008). This shift away from economic growth, and the inclusion of social outcomes is crucial to Sen and Nussbaum's Capabilities framework approach to development (Nussbaum and Sen, 1993), based on the assumption that certain capabilities are central to a life worth living and a normative commitment to promoting conditions within which humans can achieve a maximum quality of life (Nussbaum and Sen, 1993). The argument is based on the notion that although there is evidence to suggest that increased GDP overlaps in time with improved living standards, there is a growing assertion that this is based on an unfounded assumption that increased economic growth is of social benefit to all (Cox et al, 2012). This is supported by convincing evidence to suggest that economic status and employment are just two of a number of factors that influence social wellbeing (Deacon et al. 2009; Layard 2011, Cox et al, 2012). Additionally, it is increasingly accepted that economic growth does not always lead to *equal* prosperity, nor by turn *equal* well-being, for all (Cox et al, 2012) and includes little consideration of sustainable development impacts (Vardakoulias, 2013).

The UK government's response to this shifting understanding has included the development of a range of subjective wellbeing and quality of life indicators to supplement traditional economic indicators and support value for money decision making (Cox et al, 2012). Whilst there is currently no single universally accepted definition of well-being, the UK government's well-being working group has developed, through the NAO, 198 national indicators of wellbeing, including 25 that cover subjective wellbeing (Abdallah et al; 2008). Additionally, based on Weber's (1978, 1930) assessment of the role and value of non-economic factors in shaping society, a range of 45 local QoL indicators have been implemented across the UK since 2005 (Wittlesea and Jones, 2005; Nussbaum and Sen, 1993). As improved wellbeing and quality of life increasingly overtake increases in consumption and production as indicators of social progress (Abdallah et al, 2008; Vardakoulis, 2013), so policy shifts towards interventions that evidence the wider social and environmental value of their impact. Within this narrative, whilst improved well-being is recognised as having wider benefits to society, the underlying impetus is that investing in improving well-being 'will achieve significant cost benefits through improvements in physical health, productivity and quality of life' (National Institute for Mental Health in England, 2005 in Abdallah et al, 2008: 12). Therefore, whilst individual wellbeing is considered as important to policy as an end in itself, it is also due to its ability to achieve other policy goals (Pearson⁵ 2007 in Abdallah et al, 2008), such as a more productive and efficient workforce in the long term, that this interest is generated.

4.2 Added value of Social Value

The narrative of the value of social and environmental impacts as additional to economic impacts has gained more support and acceptance, by actors in the field and the general public, than have attempts to render social values commensurable with economic values through monetary representations as performed through SROI and social cost-benefit analyses. Whilst there appears to have been greater adoption of this form of valuation within the environmental domain, though not without contestation (e.g., Sullivan, 2010), the uptake of social financialisation has been much less pronounced (Cox et al, 2012). Explanations for this include the complexity of social outcomes; the difficulties in price discovery related to, often subjective, social values; issues in comparability between outcomes, even with the same equivalent market price; and often ultimately the cost of producing robust evidence to support the calculations performed being outweighed by the perceived benefits in the current climate, where there remains little requirement or support for this level of analysis from funders or commissioners (Wood and Leighton, 2010; Metcalf, 2013).

The narratives utilised by vested institutions, such as those within the SROI methodology, include the ability of financial representations of social outcomes to enable easier decision making regarding value for money (VfM), where VfM is defined as 'the optimum combination of whole-of-life costs and quality (or fitness for purpose) of the good or service to meet the user's requirement' (HM Treasury, 2006; Cabinet Office, 2009a: 5). According to the UK

⁵ In a speech made by Ian Pearson, then Minister of State for Climate Change and the Environment, on 22 May 2007

government, 'VfM is not the choice of goods and services based on the lowest cost bid' (Cabinet Office, 2009a: 5), however at present these financial representations of social value appear to not be convincing enough to outweigh the concerns and costs involved. Despite attempts to earn public support for this valuation practice through projects such as the Global Value Exchange, an online crowd sourced database of shared values, proxies and indicators, there is still minimal external publication of SROI ratios. This suggests low confidence in the reliability of calculations and a fear that, once published, competitors have an opportunity to publish ratios that display higher returns, and a lack of demand from funders due to the non-comparable nature of SROI ratios suggesting that the real value of the process from a decision making perspective is limited. It is currently much more common to assess the 'added value', in qualitative and quantitative terms, of social and environmental outcomes than to include them within a social cost-benefit analysis framework. Demonstrating potential cost savings to be made, through preventing costly outcomes in the future, along with the added value of social outcomes to be achieved appears to be currently far more acceptable, and unchallenged, as a practice of social valuation than financialisation appears at this juncture. Currently the concept of equating the achievement of certain social outcomes, considered more intangible and more subjective, with equivalent market prices appears to be one step too far for many involved in this sector, and has, to a certain extent become passé, as could be construed from the recent change in name of the SROI network to the Social Value Network. In this context the benefits of social value are still accepted as pro-economic and as a means of ensuring genuine 'value for money', as evidenced in the Sustainable Procurement Task Force's assertion, widely used in England and Wales, and included here in Croydon Councils Social Value Toolkit for Commissioners (2013:1), where social value is understood as: 'a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to society and the economy, whilst minimising damage to the environment', the boundary of the discourse at this point is in actually putting a price on this change.

Case Study 3: Salford a 'Social Value City'

In early 2015 the City Mayor of Salford stated that the area has an ambition to become a 'social value city' (Lythgoe, 2015), where the majority of Salford's private, public, community and voluntary sector organisations will be signed up to a 'Social Value Charter', committing them to including social value in all of their activities. This Charter and the city wide objective has been developed through a partnership with the local authority, the health sector and local VCSE organisations. Viewing this declaration as going 'beyond the restrictions of the Social Value Act'⁶ the aim is to integrate social value within the whole commissioning cycle through strategy, procurement, and provision across all sectors to 'maximise social value' across the city. The driving narrative behind the development of this agenda suggests a focus on social (people,

⁶ It is suggested within the available documentation in this case that the 'restrictions' of the Social Value Act are due to the Act's only applying to certain procurement and commissioning processes, over a certain value, currently those above £175,000, set to rise to £400,000 due to EU regulations, and only to certain sectors, sectors such as planning and regulation are not covered by the act at present.

culture and interactions) environment (place, planet and resource use) and economic (money flow and financial resources), as well as proposing that social value needs to be ‘meaningful’ to local people and organisations, and needs to be about making decisions based on ‘more than just a financial transaction’ (Lythgoe, 2015).

The achievement of becoming a ‘social value city’ in Salford is being driven by a social value partnership group that are focusing on five key areas of action including creating the Social Value Charter for Salford; testing ideas and practice; developing a toolkit; providing advice and guidance including training and awareness raising; and evaluating their work⁷. Additionally all local organisations are expected to sign up to embed social value within their policies and governance arrangements; deliver social value through commissioning and procurement processes; and demonstrate social value through evidence of how and when it has been introduced into service delivery and the impact that this has had. The core approach achieving these aims is to embed a high level set of principles through the proposed Charter, table 4.1 outlines the proposition as it is currently available.

Table 4:1 Salford City’s Proposed Social Value Charter

| | | |
|---|--|--|
| Salford City Partnership | PROPOSED CHARTER : Social value in Salford | |
| <p>VISION: In Salford, we will look for relevant social, environmental and economic value from everything that we do, including service delivery, commissioning and procurement; and aim to use the ‘Salford pound’ to obtain the greatest benefit for local citizens. Social value considers more than just the financial transaction and includes: Happiness ✿ Wellbeing ✿ Health ✿ Inclusion ✿ Empowerment ✿ Poverty ✿ Environment</p> | | |
| <p>We are committed to the following principles:</p> | | |
| <ol style="list-style-type: none"> 1. optimising the social, environmental and economic well-being of Salford and its people in everything that we do 2. thinking long-term – turning investment into long-lasting outcomes 3. working together across sectors to provide social value outcomes 4. having values including inclusion, openness, honesty, social responsibility and caring for others 5. having a clear and current understanding of how social value can make Salford a better place to live 6. Working together to measure, evaluate and understand social value, as well as reporting publicly to the people of Salford about the social value that | <p style="text-align: right;">we create</p> <p><i>Commissioning will:</i></p> <ul style="list-style-type: none"> • ask clear, appropriate questions and embed social value in policies, commissioning and procurement frameworks • give social value significant and proportionate weighting within procurement criteria and decisions • include social value in contract monitoring and management • engage with providers on an ongoing basis around social value <p><i>Delivery will:</i></p> <ul style="list-style-type: none"> • embed tools for monitoring and reporting social value as part of organisational processes • offer social value as part of tender submissions | |
| <p>We will know whether our principles are making a difference by evaluating such things as:</p> | | |
| <ul style="list-style-type: none"> • the flow of money in the local economy (LM3) • value of public contracts placed with local providers • the size of contracts and providers who deliver them • the level of understanding of the benefits of social value in commissioners and providers | <ul style="list-style-type: none"> • the questions asked by commissioners and procurement teams • whether social value is included in all policies, strategies and decision-making • how many and what sort of organisations have signed up to the social value charter • the capacity of local providers to report their social value | |

Source: Salford City Partnership, 2015

⁷ It is not clear in the current available documentation whether the ‘evaluation’ aspect relates to their success in achieving the aims of *becoming* a social value city, or the impact of *achieving* social value on Salford as a city. One question suggested within the evaluation framework relates to whether Social Value is making a difference to the residents of Salford, and another relates to whether the activities being undertaken are achieving that difference. This element appears to be under development, with the Centre for Local Economic Strategies.

Within this proposed Charter there are a number of elements of the underlying narratives inherent within social value theory including a focus on the acceptance that ‘social’ value is often taken to mean the blended return of social, environmental and economic values, suggesting that achievement of social value is determined by impacts on all three areas; the focus of social value on more than just financial transactions to include achievement of social outcomes relating to such things as happiness, wellbeing, health, inclusion, empowerment, poverty and the environment. Interestingly the Charter proposes determining the impact on these areas by evaluating the flow of money; and the value and size of public contracts; that is economic impacts, as well as the level of embeddedness of the Charter principles, rather than focusing on the impact of all of this activity on the outcomes that apparently matter to social value, i.e. those that include happiness, wellbeing, health etc. It appears that in measuring and evaluating social value, determining the economic impact is most often given preference in its calculation at this level over the social and environmental impacts it is also supposed to have.

One example of the ‘social value city in action’, including in the report, relates to an organisation, Unlimited Potential, an Industrial and Provident Society, that states they use a ‘triple bottom line’ of reporting. The impacts reported on include: numbers of lay people involved in the governance of the society; proportion of expenditure spent with ethical suppliers; percentage of employees that are local; and three indicators on environmental impact related to energy, waste and travel. Again there appears to be little attempt to focus on the social impact or value of these activities on the key beneficiaries of the organisation. Another example, START, appear to focus more on the core outcomes of benefit to their service users and partners by focusing on isolation; confidence; mental health; employability; absenteeism and respite. Their approach states that they use the principles underpinning SROI, reflecting their organisational aims, as they view these as applicable to any method that could be employed in the measurement of their impact. START also report that their organisation has significant fiscal benefits for local health and social care services, as well as additional benefits to the local community and city. For START, they state that their approach to measuring social value is more about their company management than about meeting the requirements of commissioners and funders. The Salford Council’s example of their own ‘social value in action’, similar to Oldham’s approach, focuses on procurement expenditure, local employment opportunities, and numbers of local contracts, this is about local economic impact not necessarily about the social value of the city. These examples show how different interpretations of both the concept of social value and it’s measurement and value within the organisation lead to different approaches to embedding both the delivery of and demonstration of social value within the same city. For Salford to achieve its aim of being a ‘social value city’ it is clear that further understanding and agreement on how to define, measure and achieve social value is needed.

4.3 Social Value equals progressive development

For supporters of social value, particularly SSO’s and infrastructure organisations, the rhetoric involves the inclusion of social and environmental ‘externalities’, as a positive development,

enabling the inclusion of the full, or 'real', value of interventions within resource allocation decision making. Within this narrative social valuation practice is presented as preferable to the traditional system of economic allocation and as a unique opportunity to reconsider the social within the economic system, in a way correcting Adam Smith's 'mistake' (Cabinet Office, 2009b). The added value of social and environmental impacts within decisions regarding value for money is readily accepted as a means to progressive and more sustainable human development. As such this discourse has been readily adopted by government institutions and those developing the sector to drive support for increased social value practice. This framework allows for the argument described in Ferguson's (2007, 2010) work on the 'basic income grant' (BIG) agenda in South Africa, that social value can be viewed as an example of the use of neoliberal concepts and languages, by social supporters, in the service of pro-poor and pro-social, rather than pro-economic, political arguments.

However, as has been outlined above, it can also be argued that the inclusion of social value within this narrative, rather than recognising the value of social and environmental impacts in themselves, appears to be more about a pro-economic, pro neo-liberal concept, where social and environmental impacts are counted as assets, rather than externalities, to be maximised and brought into the market framework. In this way the discourse of social value as a means of progressive development can be perceived as a mask obscuring the underlying agenda of calculative rationality. In a similar way that theoretical issues abound within the financialisation of natural environmental assets (Sullivan, 2010), the equation of human lives with economic values, whether articulated in financial terms or more subtly within the added value rational, has the potential for unintended and perhaps unwelcome consequences that should be considered. It is worth considering where the valuation of social outcomes may lead us. Could the development of social value lead to the marketization of human lives and the commodification of personal well-being, as part of a neoliberal agenda, with the end result being the trading of human lives against each other in a similar way to biodiversity offsetting? There is evidence to suggest that this is already occurring to some extent, although perhaps in a less obvious format, as Machingura (2013) suggests in her work on allowable death and necropolitics in Zimbabwe.

The question becomes, will this approach lead to new and potentially promising social relations, where the achievement or improvements in individual and societal well-being becomes the goal to replace economic growth, or whether this move is an example of the displacement of complex human values in favour of comparable and commensurable monetary values (Simmel, 1907 [1903] in Fredriksen et al, 2014) leading to the impersonalisation and marketization of our most basic asset – human life. Is social value in this form an adoption of neoliberal moves towards pro-poor aims, or is it rather an example of calculative rationality disguised as pro-social development? Or, in recognition that the two are not necessarily mutually exclusive, can a combination of both agendas occur concurrently? The special interest in the calculation of social value in this case is that it may offer proponents of socially progressive policies to seek new and socially innovative forms of development that recognise the underlying economic realities at the same time as giving weight to the added social benefits of social policies, leading to potentially promising approaches to addressing both concerns.

5. Conclusion

This paper has shown that the concept of social value has emerged in recent years as a result of a number of developments within the provision of public services, particularly the focus on value for money and a growing concern with proving and improving the return on investment within an increasingly competitive and high demand environment. Within this context, calculating the social value of SSO's and the services they deliver, is viewed as an unique way of enabling providers to demonstrate the added value of their work, supporting funders and commissioners in resource allocation decisions, and ensuring the most efficient and effective provision of services for individuals and society at large.

The paper has provided an overview of a number of challenges to the calculation of social value that underpin how the concept is constructed, understood and utilised in public sector decision making. A critical analysis of social value has been offered through the calculative devices, institutional assemblages in which it is embedded, and the discursive framings used to legitimise and justify its use that supports a wider understanding of the benefits and challenges of calculating social value in this context.

Adherence to the principles of calculating social value, as extrapolated within SROI methodology, provides SSO's and their investors with a framework for assessing the amount of value – economic, social and environmental – created in return for the amount of investment in financial terms. However there are a number of assumptions underpinning the principles that, as Hall's (2014) work shows, are concealed by adherence to what is often accepted as a technological tool obscuring theoretical and methodological issues underneath. There is a need for further consideration of the implications of these principles for the development of social value practice.

The practical application, at an institutional level, of calculating social value, as evinced within interpretation of the Public Services (Social Value) Act, demonstrates that the decisions made at various stages throughout the process have an impact on not only how, but what, is considered as social value. The power-knowledge in this example demonstrates that the ability to determine which outcomes are considered valuable within the frontiers of the valuation system being constructed, leaves other outcomes absent from these calculations rendering them even now as externalities, and therefore remaining 'valueless'. Further research is needed into the institutional arrangements that determine which outcomes are considered of social value and of value to whom in this context.

In addition, the concept of social value is constructed through, and as part of, a number of legitimising discourses that seek to support the justification of its inclusion within public sector practice. Given the suggestion that institutions are increasingly under pressure to demonstrate value for money through increased efficiencies and improved effectiveness (DfID, 2012) and a tendency among many investors to support interventions that reduce costs in the long term (Cox et al, 2012), recognising the underlying economic determination of social value is essential. It is worth considering to what extent social valuation practice, as a decision making tool, is driven by fiscal and market-based incentives, rather than by consideration of the wider benefits

to society and the natural environment as is often proposed. It is evident that there is a need for wider discussion on the benefits and deficiencies of social valuation practice at a theoretical level in order to enable decision makers to make choices based on the social value of an intervention to society as a whole, rather than being overdetermined by the achievement of economic benefits for investors, commissioners and funders in general.

Certainly there is a need to investigate the socially constructed nature of social value further, in order that actors involved at all levels can assess the benefits and challenges of the concept in more detail. As Bracking et al's (2014) work indicates, the construction of value and valuation practices are complicated and multi-layered performances, and elucidation of the techniques, networks and narratives that are involved is essential to an understanding of the deficiencies and possibilities of value in political, social and environmental terms. Moreover, it is pivotal to judgements underpinning how social value is calculated, understood and utilised within public sector decision making. There is a need to consider how institutions, with the power-knowledge to determine what is considered socially valuable, can be encouraged to be more transparent in their objectives. Additionally, the processes determining how social value is discovered and calculated need to be carefully considered, monitored and rendered transparent. Ultimately the inclusion of beneficiaries, as primary stakeholders, must be considered when determining how and why social value is calculated and how it is utilised in decision making.

Finally, in light of suggestions that the interpretation of the Public Services (Social Value) Act is being adopted at a minimal level, and the uptake of social value calculation, particularly financialisation of social value, remains marginal, there appears to be an opportunity to give further consideration to these issues prior to wider uptake of the concept. There is a unique opportunity for practitioners and researchers interested in the development of valuation practices to continue to explore the construction and performance of social value as a tool for public sector decision making.

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Appendix 1: Detailed Performance and Outcome Measures for WWS table

| No | Area | Category | Targets/threshold | Frequency of reporting | Consequence of Breach |
|----|-------------------------|--|---|------------------------------------|-----------------------|
| 1 | Service user experience | User experience survey completion rate | Number of service users that complete a user experience survey/all unique service users (for this service) at the end of their care should exceed 50% | Quarterly | As contract |
| 2 | Service user experience | User experience survey satisfaction | Number of service users completing a service user survey that rates satisfaction as good or excellent/ number of service users that complete a user experience survey should exceed 70% minimum | Quarterly | As contract |
| 3 | Service user experience | Service user complaints | Reporting on all specific service user complaints | Quarterly | As contract |
| 4 | Service user experience | Service improvements informed by feedback (both constructive and critical) | Reporting on quantity of feedback, classification of feedback and report on learning from feedback as well as evidence of service improvements as a result of feedback. Learning from feedback should both help improve the WB provider, but also help the WB provider better understand the quality and need for improvement of the interventions users are referred to. | Quarterly | As contract |
| 5 | Partnership working | Provision of outreach, education and training | Proof of raising awareness and skill of partners through reporting on the number of offered sessions by: type, venue and post code, organisations attended, number of delegates and delegate details. | Quarterly No of sessions tbc | As contract |
| 6 | Partnership working | Volunteer engagement | Number of volunteer opportunities created and volunteers engaged demonstrate that efforts are being made to recruit volunteers numbers and hours provided | Quarterly No of Volunteer | As contract |
| 7 | Partnership working | Volunteer engagement | Effectiveness of volunteer engagement measured by the volunteer in order to identify | Annual | As contract |

| | | | | | |
|----|---|--|---|-----------|-------------|
| | | | positive impact of volunteering | | |
| 8 | Partnership working | Volunteer engagement | Effectiveness of volunteer engagement measured through the user experience survey in order to refine the volunteer offer to participants | Quarterly | As contract |
| 9 | Service impact: Data collection - pre intervention | General wellbeing assessment through survey completion | Percentage of users being evaluated against the The Short Warwick-Edinburgh Mental Well-being scale should exceed 90% (this allows for attrition) | Quarterly | As contract |
| 10 | Service impact: Data collection - pre intervention | Need assessment through framework/survey | The Get the Most out of Life Tool/Wellbeing Wheel/Health trainer health behaviour assessment will help narrow down the core areas of need (categories to include: Health & Fitness, Home & Garden, Learning & Leisure, Mobility & Transport, Community Groups & Involvement, Employment Volunteering & Training, Relationships & Families, Managing Finance) and should be used to assess a minimum of 50% of participants. | Quarterly | As contract |
| 11 | Service impact: Data collection - pre intervention | Detailed need assessment through framework/survey | A subset of participants (c.20-30%) as a percentage of the group above will be asked about more detailed indicators to better understand key assessed needs. Detailed indicators will include 3-5 national indicators relating to each of the categories in the Get the Most out of Life Tool (see above). The indicators will be made available to service providers. | Quarterly | As contract |
| 12 | Service impact: Data collection - pre intervention | Health and social care service usage | For a subset of participants (c.20-30%) there is a requirement to collect (desegregated by self-report versus referral) information the following by either the referrer or by asking the individual about health and social care usage: How many times did you visit your GP in the last year? How many times did you visit A&E in the last year? How many emergency admissions have you had in the last year? Have you applied for social care support or changes to your current support package in the last year? | Quarterly | As contract |

| | | | | | | |
|----|---|---|---|---|-------------|-------------|
| 13 | Service impact: Improvement in health & well being | Improvement in general well-being | Average improvement in SWEMWBS results of those undertaken between 10-20% collected at 3 months post initial assessment by wellbeing worker (70%) and 12 months post initial assessment by wellbeing worker (sample) | Quarterly | As contract | |
| 14 | Service impact: Improvement in health & well being | Improvement in needs assessed through framework survey | Average improvement in one or more key domains (specific goals set by user) of the Get the Most out of Life Tool expected when collected at 3 months post initial assessment by wellbeing worker | Quarterly | As contract | |
| 15 | Service impact: Improvement in health & well being | Improvement in detailed needs assessed through framework survey | Improvement in detailed indicators of key domains assessed at intervention start expected at 3 months post initial assessment by wellbeing worker. LCC reserves the right to set thresholds for this KPI following a quarter or year of information reporting | Quarterly | As contract | |
| 16 | Service impact: Improvement in health & well being | Decrease in health and social care service usage | From pre-intervention to 12 months post-intervention average decrease of health and social care usage from 5-20% | work partnership year retrospective Audit | in 2 | As contract |
| 17 | Service impact: Target population reach | Increase in the number of people reached by the service | Increasing coverage and reach of those living in most deprived areas through partnerships, referrals, marketing and outreach: sense of strong progression | Quarterly | As contract | |
| 18 | Service impact: Access | Timeliness | 100% of all calls answered within 20 minutes | Quarterly | As contract | |
| 19 | Service impact: Access | Timeliness | Respond to or acknowledge all referrals within a maximum of 48 hours of receipt by the Service | Quarterly | As contract | |