



Public Health
England



UCL Institute of Health Equity

Local action on health inequalities

Using the Social Value Act to reduce health inequalities in England through action on the social determinants of health

Practice resource summary: September 2015



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About this document

This practice resource summary was written for Public Health England by Matilda Allen and Jessica Allen, of the UCL Institute of Health Equity. The authors are grateful for the input and support throughout the project of an expert steering group:

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Summary

1. The Social Value Act 2012 requires the public sector to ensure that the money it spends on services creates the greatest economic, social and environmental value for local communities.
2. Social value is also increasingly important at a time of reduced funds available to many public sector organisations, and can help to deliver the most value for money. There is a strong case for implementing social value approaches, aligned with efforts to reduce health inequalities. Acting on social value should reduce demand on health and other services.
3. While the Act applies to all public procurement organisations, implementation, and action on social value, varies by sector and organisation. Overall, local authorities have taken more action than the health sector or national government departments. Acting on social value also meets a range of other national and local legislative requirements and policy priorities.
4. Implementing and embedding social value at a local level involves making procurement decisions in a new way that ensures wider benefits are considered throughout the commissioning cycle. For instance, this could include requiring contractors to pay a living wage, employing target groups such as young unemployed people, minimising negative impacts on the environment, or building local supply chains.
5. Key factors for success in prioritising and implementing social value include ensuring strong leadership, involving a range of staff, reflecting and embedding within other priorities, working collaboratively with communities and providers and strengthening partnerships across silos through integrated working.
6. Measurement and monitoring of social value is important and currently underdeveloped. The range of options for measurement strategies includes methodologies such as social return on investment or using existing key performance indicators.

Introduction

The Public Services (Social Value) Act 2012, which came into force on 31 January 2013, requires public sector commissioners in England (and some in Wales) to consider how they could improve the economic, environmental and social wellbeing of their local area through their procurement activities.¹ It applies to local authorities, acute trusts, clinical commissioning groups (CCGs), other NHS organisations, fire and rescue services, education and early years services, police, housing associations and government departments.

This summary is based on a longer report on this topic, which gives references, further details and more case studies. It is intended for all those who commission or provide services, particularly those at a local level.

The purposes of this summary, and the longer accompanying practice resource, are to:

- explain what social value means, and how and whether it is used
- set out the reasons to act on social value
- provide information, guidance and examples of local action for local public sector commissioners in order to increase social value in their procurement activities

The legal requirements of the Social Value Act require considerations of social value in the commissioning cycle and local spending. It creates potential and a lever and set of accountabilities for using local and national commissioning to improve health and reduce health inequalities, through action on the social determinants of health.

The Act aims to encourage wider public benefits for communities beyond the service being commissioned. For example, an NHS trust could contract with a social enterprise which employs local unemployed young people, trains them, and pays them a “living wage”. Therefore, a “social value” is achieved over and above the value of the service being delivered: there are increased benefits for the local economy, the individuals who move into employment and their families.

Currently, uptake of social value approaches by local authorities varies, but is more established than implementation at a national government level or within the health sector. The NHS could take more action to embed social value approaches in procurement decisions and impacts.

Although two thirds of housing associations and local authorities in one survey reported considering social value across all the services they commission, only 13% were “very satisfied” with their social value processes.² This highlights a clear need

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for more guidance and support including from national leadership and government departments.

The value of social value

There is a range of benefits to local communities in embedding social value in commissioning, including improved service delivery, greater economic growth, greater engagement with the voluntary, community and social enterprise (VCSE) sector, improved wellbeing and quality of life and an increase in the resilience of communities. Contracting authorities have also reported improved community relations, increased motivation and job satisfaction of staff and better organisational reputation.²⁻⁵

There are also clear economic reasons for action: local authority budgets will reduce by 40% by 2016 compared to a 2011-12 baseline – representing an approximate £20bn loss.⁶ National government departments are also contracting with much reduced spending power. This increases the need to gain the greatest value per pound spent nationally and locally, and social value can help to achieve this. A survey of housing associations and local authorities found that 52% reported that including social value in commissioning led to local cost savings for their own organisation.² In another survey, 83% of local authorities stated social value would add value to procurement.⁴ Promoting local supply chains and employment can also create wider value and savings – for example, Manchester City Council has specified social value considerations in all construction (and some other) contracts and calculations show that the council's £184m of local spend was transformed into £687m of local value through the multiplier effect of its local supply chains.⁷

Acting to increase social value also has the potential, in the longer term, to reduce demand on health and other services by improving the health and wellbeing of the population, and a consideration of social value could help public authorities prioritise services to protect when decommissioning.

Social value also has clear connections with efforts to reduce health inequalities. Actions on social value can help to act on the social determinants of health – the conditions in which we are born, grow, live, work and age – which result in unfair and unjust inequalities in length and quality of life. Figure 1 shows social value actions that have been taken at a local level, mapped against the key social determinants of health areas for action as recommended in the Marmot Review.⁸ Further action against each of these dimensions is possible and could help to reduce local and national inequalities.

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Figure 1. How actions to increase social value can meet social determinants of health priorities

Marmot policy objective	Social value areas for action
Give every child the best start in life	Family approach to raising aspirations
Enable all people to have control over their lives and maximise their capabilities	<p>Skill development programmes</p> <p>Training and apprenticeships</p> <p>Volunteering and “keep volunteering voluntary”</p> <p>Working with schools and young people, including curriculum support, careers advice</p> <p>Building individual resilience and mental health protection</p> <p>Supporting people with a learning disability or service users into training or employment</p> <p>Training for existing staff</p>
Create fair employment and good work for all	<p>Employ local residents (in local labour market)</p> <p>Reduce unemployment through targeted recruitment</p> <p>Employment of particular groups, for example, ex-offenders and those with long-term health conditions</p> <p>Youth employment</p> <p>Local economic regeneration</p> <p>Improvement in terms and conditions of employment, including security</p> <p>Jobs with high level of control for employees</p>
Ensure a healthy standard of living for all (income)	<p>Debt and welfare assistance advice</p> <p>Living wage</p> <p>Increase in median wage of employees</p> <p>Reducing gap between highest and lowest paid</p> <p>Parity in income between employees</p> <p>Reduced utility bills for residents</p>
Create and develop healthy and sustainable places and communities	<p>Environmental improvements, including recycling, carbon reduction, energy efficiency, and waste reduction</p> <p>Stimulating demand for environmentally-friendly goods, services and works</p> <p>Safety and anti-social behaviour projects</p>

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	Community centres and “hubs” Social inclusion and integration, and tackling social isolation Investment in the local area, for example, via private sector through corporate social responsibility (CSR) strategies Increase number of local organisations with social purpose linked to communities, socially responsive governance, with fair and ethical trading Encourage local supply chains Investment in particular programmes, for example, fuel poverty reduction
Strengthen the role and impact of ill-health prevention	Health improvements Health and social care schemes People supported to live independently (for example, older people) Reduce sick absence of employees through improved health and wellbeing support Reduce avoidable hospital admissions

Health sector spend is a significant budget and resource, which can be used to develop and enhance social value. The establishment of more commissioning to CCGs creates opportunities to ensure that local procurement decisions benefit local populations in addition to the direct benefit of the services being purchased. Fulfilling social value requirements can also help the health sector to meet other national legislative requirements, including statutory health inequalities duties and integration duties.⁹ Implementing social value approaches also relates to national health system priorities, including the increasing focus on prevention set out in the NHS five-year forward view.¹⁰

Acting on social value also helps public sector organisations comply with other legislation (for example, the Local Government Act 2000¹¹ and the Equality Act 2010¹²) and to contribute to other national policies or priorities such as localism and place-based initiatives, sustainable development and the health in all policies (HiAP) (and health equity in all policies [HEiAP]) agenda.

Local implementation of social value

To integrate social value into commissioning, contracting authorities will need to ensure that social value is included throughout the commissioning cycle – including in the core requirements, contract notices, pre-qualification questionnaire, award processes and throughout delivery and contract management. Social value can be

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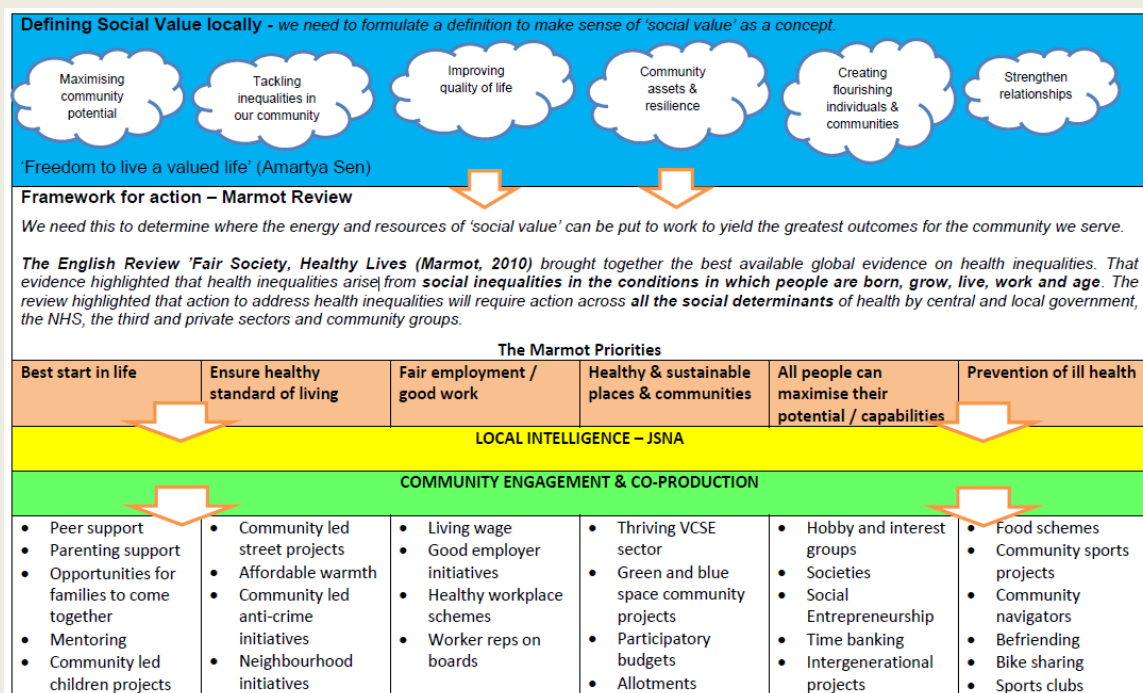
given a prominent position in the pre-procurement process: for example, in the recent commissioning of £16.5m of housing support services for vulnerable adults by Birmingham city council, the tender was weighted 60% on quality, 20% on social value and 20% on price, demonstrating that the social value pound can carry the same weight as the financial pound in procurement.

Boxes A and B provide some further examples of local action. More detail on each example, including links to further information and contact details, is available in the full practice resource that accompanies this summary.

Box A. Social value approaches in Halton and Salford

Halton: Halton CCG, local authority and VCSE organisations have developed a social value programme based on the Marmot Review six priority actions to reduce health inequalities. Social value has now been included in a number of award processes and will be present in all the contracts of the acute healthcare providers, ensuring they contribute to the prevention agenda. Halton CCG has “social value proofed” all CCG commissioning plans for the next five years and social value is considered in all £170m of local spending.

Halton social value framework



Salford: Salford has an ambition to become a “social value city”, where the majority of public, community and voluntary sector organisations sign up to a social value

charter and include social value in all their procurement activities. This charter sets out a vision, principles and proposed measurement. The CCG has incorporated social value into its five-year strategy and is conducting mandatory training on social value for its members. All local authority contracts over £100,000 must now specify the social value being delivered in the reporting process to the procurement board.

Social value was included in the Pendleton PFI, a private finance agreement to refurbish and redevelop one of the most deprived areas of social housing in Salford. The inclusion of social value led to a commitment to create 500 new employment opportunities, 190 apprenticeships, 2,000 work experience opportunities, one third of the supply chain based in Salford and 50% of work delivered by local SMEs. The PFI plans to track changes to health inequalities over the ten-year programme.

Challenges and success factors in Halton and Salford

Those involved in local implementation identified the following success factors and challenges across the areas.

Success factors

Both areas cited the need for strong leadership, including political leadership, in order to drive forward the programme and bring together key partners

1. Working in partnership across sectors, with the community and providers, was mentioned by both areas as key in order to take forward the social value approach.
2. Both areas made clear and deliberate links to other local strategies and priorities (such as Salford's city mayor's employment standards charter and Halton's sustainable community strategy), and ensured that the social value approach was complementary and reinforced other action and strategies.
3. Both areas were part of the Department of Health funded programme, Social Value in Health and Care, delivered by Social Enterprise UK (SEUK) and the Institute for Voluntary Action Research (IVAR), and cited the value of independent support and facilitation in helping to increase action locally.

Challenges

1. Seeking the "buy-in" of stakeholders from a broad array of sectors in a context of constrained budgets and pressures was a challenge. Halton invested time and resources to develop a collective understanding of what "social value" meant to the local areas, thereby focusing on shared objectives that require collaborative action.
2. Language was cited by Salford as a barrier, as some terms such as "social return on investment" meant different things to providers and commissioners. Facilitated

discussion and agreeing a definition of social value helped to overcome some of these issues.

3. Both areas cited time pressures as a potential challenge, and favoured a longer iterative process instead of “rushing through” to implement a social value approach.

Box B. Liverpool CCG

Liverpool CCG has developed a social value strategy and action plan,¹³ which puts social value at the centre of its strategy and policy, commissioning and practice. This, in part, explicitly aims to positively influence the social determinants of health, based on the Marmot Review. Its social value framework sets out objectives, outcome domains, outcome ambitions, internal performance measures, measures for suppliers and metrics, for each of the three social value domains – economic, social and environmental wellbeing.

Social value is now included in all the CCG internal business case processes. The three frameworks present a menu of social value measures which can be prioritised for, including in relevant contracts. Living wage and carbon reduction have been built into several service specifications. Sustainable development and social value commitments including living wage are being included within contracts with the nine main NHS provider trusts in Liverpool for 2015-16. Key programmes to take forward work with the VCSE sector in the city also reflect application of social value principles; for example, LCCG is working with a large range of VCSE organisations on new approaches to engaging diverse communities in health care planning.

Factors for success in local social value strategies

From the examples presented and other work described in the full practice resource document, a number of factors for success in implementing social value have been identified, including:

- nominating a “lead” or “champion” for social value
- ensuring involvement of a range of staff internally and externally, who can provide links to other departments and activities – in particular, health and public health
- ensuring that social value action is coherent with, and mapped onto, organisational and local plans and published priorities
- making the social as well as financial case for action, and seeking to build political leadership and support

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- building strong community involvement and community championing of a social value approach
- working in partnership across organisational silos to integrate work
- collaboratively producing a written policy or framework on social value
- providing training, in particular for procurement staff, which addresses legal and practical issues
- working with the local community and local providers to effectively define, deliver and demonstrate social value
- building market capacity to ensure that local businesses can prepare and then deliver required solutions
- developing and integrating a clear measurement system to ensure social value improvements are demonstrated and monitored

Local challenges with using social value approaches

Contracting authorities have experienced challenges in defining social value, which can act as barriers to implementation. These include:

- there can be local difficulties in defining social value, a lack of internal capacity within contracting authorities, difficulties experienced by providers in delivering and demonstrating social value, and difficulties in monitoring and measuring social value. These challenges can be overcome by some of the success factors listed above, including providing training and supporting and working collaboratively with the community, internal staff and providers
- there have been some concerns that EU procurement legislation prohibits social value clauses in procurement processes but it is actually supportive of social value.² Similarly, complying with the duty of best value has been seen to contradict commissioning social value, but “best value” includes social and environmental value as well as economic value¹⁴
- the Social Value Act itself is also limited in scope – it only applies to certain contracts within certain thresholds (more information is available in the full practice resource). However, all those areas that have been successful in embedding social value have taken a wider and more extensive approach to social value and gone beyond the legal requirements. This is encouraged by the Cabinet Office,³ which also released an extensive review of the Act and its implementation, with areas for further action, in February 2015.¹⁵ The review recommends reviewing a potential extension of the Act in 2017

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Providers

Voluntary, community and social enterprise (VCSE) sector organisations are often well placed to deliver services with wide social value impact but this does not mean that private sector providers should not also be expected to act on social value: contracts with the private sector can also embed social value successfully and improve outcomes for local communities.

Contracting authorities can support and assist local providers to generate and deliver social value. Some examples of this include supplier engagement and communication, adapting contract design and providing training and capacity-building for providers. It is also important for providers to be included in the social value process from the outset, including inputting into local social value definitions, strategies or documents.

Measurement and monitoring

As yet, measurement and monitoring of social value is underdeveloped. Contracting authorities perceive this as a major challenge in implementing social value: in one survey over 80% of local authorities stated that they required guidance on measuring and monitoring social value.¹⁶

Local and national contracting authorities can make progress in measuring impact through existing methodologies such as social return on investment and social accounting, or through using existing key performance indicators or designing local measurement systems. The full report provides a range of resources and models that may be of use to local contracting authorities or providers who are seeking to measure their social value impact, and examples of areas that have adopted these methodologies.

Measurement of social value is more likely to be effective where it is proportionate to what is being delivered and who is providing the service. Monitoring requirements should not be so burdensome for small organisations that it effectively prevents them from bidding for a contract. Measurement frameworks should also reflect other local systems, processes and priorities, to demonstrate where acting on social value delivers other benefits such as contributing to local economic development. Where possible, effects and savings should be disaggregated to see who benefits, to ensure a focus on equity and equitable outcomes.

Box C. Blackburn with Darwen

Blackburn with Darwen borough council has developed a local social value assessment tool for providers to demonstrate their added social value, which NHS commissioners have agreed to integrate into contract award decisions. The tool covers ten topic areas, based on employment, educational attainment, sustainability and increasing social capital, cohesion and economic development. The tool gives a total score out of 100, which can be compared across providers. Blackburn and Darwen found that this focus on social value was particularly timely considering the contraction in local public service and reduced financial resources.

Conclusion

The Social Value Act creates an opportunity for public sector commissioners to think more broadly about the benefits that they can expect from their contracted services, and help ensure that local social, economic and environmental wellbeing benefits from public sector spend.

There is a case for aligning social value approaches closely with action on health inequalities. All contracting authorities, particularly health procurement organisations, can use their purchasing power to have a greater impact on the conditions in which people live. By tackling inequalities in power, money and resources, commissioners have the potential to improve health and reduce health inequalities.

Acting for social value cannot only generate social, health and environmental benefits but also helps to cope with economic constraints. Social value encourages organisations to get the most value for money from public spending, and should help to reduce costs. It also meets a range of other national priorities and legislative requirements.

National and local action on social value has, so far, been mixed and some public bodies are yet to realise the potential of social value approaches. Despite variation in implementation, there are some very good examples of local practice by areas that have implemented a social value approach, and in some cases, applied it to health inequalities. These begin to create a clearer picture of the success factors and barriers to local implementation, how to measure and monitor progress and outcomes, and how to work with and support providers. The experiences of early adopters of the social value approaches in local areas demonstrate that action is possible and can yield positive results.

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