

A guide for local Compacts and the voluntary sector

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About the Compact

[The Compact](#) is the agreement between government and the voluntary and community sector (VCS). It sets out key principles and establishes a way of working that improves their relationship for mutual advantage. It considers areas such as involvement in policy design and consultation, funding arrangements (including grants and contracts), promoting equality, ensuring better involvement in delivering services, and strengthening independence.

As well as the national Compact, most areas in England also have a local Compact, which interprets the principles set out in the national Compact to reflect local need.

About Compact Voice

[Compact Voice](#) works to ensure that strong, effective partnerships are at the heart of all relationships between the voluntary sector and government - locally and nationally.

We provide training, support, advice, and information about better working in partnership to both sectors nationally and locally, represent the voluntary and community sector's interests to government, and champion the principles of the Compact

1. What is social value?

Social value is the term used to describe the **additional value** created in the delivery of a service contract which has a wider community or public benefit – this extends beyond the social value delivered as part of the primary contract activity. For example, a homelessness organisation funded to provide hostel space for the homeless may create additional value by providing routes into employment and training for its service users.

This is a move away from awarding contracts based on lowest cost, and is of particular significance given the increasing pressure on public spending.

The Act requires the identifying of additional social value outcomes, regardless of the service provider. However, definitions of social value may focus on outcomes which are more commonly identified with the VCS.

Engagement between the public and the voluntary sector to jointly agree local definitions of social value can be important in realising the full potential of the VCS as service delivery partners that can deliver maximum social value.

2. The Public Services (Social Value) Act 2012

The Public Services (Social Value) Act 2012¹ places a duty on commissioners in councils, the NHS and other public bodies across England and Wales to consider how they might improve the economic, social and environmental wellbeing – the "social value" – of an area when they commission and procure public services. The Act states that:

“The authority must consider:

- a) How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
- b) How, in conducting the process of procurement, it might act with a view to securing that improvement.”

2.1 What is covered by the Act?

The Act **only applies to public service contracts and framework agreements** to which the [Public Contracts Regulations 2006](#) apply. Therefore, requirements under the Act only apply to contracts which are valued over EU Procurement thresholds² as set in the 2006 regulations.

The Act **does not** apply to:

- Service contracts awarded by ‘calling off’ from a framework: A framework agreement is a general term for agreements with providers that set out terms and conditions under which specific purchases (‘call-offs’) can be made throughout the term of the agreement³.
- Contracts which fall below EU procurement thresholds
- Mixed services, goods or works contracts, where services are of less value or less incidental to the main purpose of the contract.

While contracting authorities are required to consider social value in contracts over financial thresholds, considering social value in lower value contracts is promoted as good practice in accompanying guidance⁴ New EU procurement rules planned for later this year call on procurement officials to use MEAT (most economically advantageous tender) as a criteria for contract award. This means contracting authorities will be obliged to consider wider social and environmental objectives alongside price and cost when evaluating tenders which are valued over the European Procurement thresholds. This is viewed as a more intelligent

¹ Public Services (Social Value) Act 2012: <http://www.legislation.gov.uk/ukpga/2012/3/enacted>

² For further information about EU procurement thresholds, see: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/267937/PPN_1013_-_New_Threshold_Levels_for_2014.pdf

³ For more information about Framework Agreements, see: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/62063/ogc-guidance-framework-agreements-sept08.pdf

⁴ Cabinet Office - ‘The Public Services (Social Value) Act 2012 – advice for commissioners and procurers’: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/79273/Public_Services_Social_Value_Act_2012_PPN.pdf

approach to procuring services, which are often awarded as smaller contracts for local and specialist services, with long-term community benefit in mind.

Local Compacts⁵ can play an important role in helping to gain commitment to apply the Act in all procurement processes, by including a principle about this in revised Compacts. Compact Voice recommends familiarising yourself with the Act's accompanying guidance⁶ in order to understand all requirements under the Act.

3. Social value and the Compact

The concept of social value has long been embedded in the national Compact. The Compact contains the following definition of social value:

“Social value encompasses a broad concept of value by incorporating social, environmental and economic costs and benefits. This means that as well as taking into account the direct effects of interventions, the wider effects on other areas of the economy should also be considered.”⁷

The Compact offers four specific circumstances in which social value should be considered by public and voluntary sector organisations:

1. Agreeing and measuring outcomes in contracts
2. Policy development
3. Demonstrating social value
4. Decommissioning

These areas will be discussed in greater detail in Sections 4 and 5.

The Compact expands on how social value can be used to underpin effective cross-sector partnership working, by providing principles which enable partners to achieve outcomes together.

4. Requirements on local authorities

The Social Value Act encourages contracting authorities to find innovative and more effective solutions to meet public need through the procurement of services. It asks them to consider the wider economic, social and environmental benefits which could be built into the service specifications or as part of the wider contractual agreement with providers.

⁵ Compact Voice - 'Local Compacts: A User Guide':

<http://www.compactvoice.org.uk/resources/publications/local-compacts-user-guide>

⁶Cabinet Office - 'The Public Services (Social Value) Act 2012 – advice for commissioners and procurers':

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/79273/Public_Services_Social_Value_Act_2012_PPN.pdf

⁷ HM Government – 'the Compact': www.compactvoice.org.uk/about-compact

Adopting a long-term strategic approach to procurement also leads to more cost-effective service provision by tackling multiple issues in the community and for service users. This is particularly important to note in a climate of reduced funding and increased pressure on public services.

Contracting authorities must:

Follow the Act and take reasonable steps to consider whether additional social, economic or environmental benefits can be created through the delivery of a service.

- Social value must be considered in a way that is proportionate and relevant to the service that is to be commissioned.
- Consider the economic, environmental and social benefits of their approaches to procurement before beginning the process.

Recommended best practice:

- Take a value for money approach, rather than lowest cost, when assessing contracts.
- Engage with the VCS from the earliest stage to help shape policies, programmes and services.
- Consult supply markets before formal procurement to develop robust and intelligent specifications.
- Consider the most appropriate form of consultation, accounting for requirements of people and organisations being consulted, size of procurement, and likely impact of procurement.

Other duties supporting the Social Value Act:

- **Duty of Best Value** – The requirement to consider the overall value contributed by providers, with the aim of encouraging greater VCS and SME participation in public services. This applies to commissioning public bodies such as local authorities, police forces, fire authorities and commissioners of transport services.
- **NHS Standards of Procurement** - to assess and benchmark NHS procurement performance and identify areas for improvement, providing a framework for consistent approaches and practices to deliver benefits across NHS procurement performance.

5. How contracting authorities can best achieve social value

The Act's accompanying guidance⁸ makes clear that the legislation is enabling and intentionally flexible so that authorities and communities are able to agree a local definition of social value that best accounts for the needs and specificities of the local area.

⁸ Cabinet Office - 'The Public Services (Social Value) Act 2012 – advice for commissioners and procurers':

Navigating procurement policy can be complicated, and can inhibit local authorities in commissioning more innovative services which strongly consider social value, but may appear more financially risky. This has impacted on the confidence of commissioners and procurement officials to structure procurement processes and contract frameworks to gain the best deal for their communities. A lack of joint up working between commissioning and procurement teams has also been cited as a barrier. These challenges could result in a loss of potential savings and leveraged resources to tackle wider community problems.

To overcome this cultural barrier, the Cabinet Office has introduced initiatives alongside the Social Value Act, to target support to public commissioners, such as:

- The Commissioning Academy⁹ - a development programme for senior commissioners from all parts of the public sector;
- The Cabinet Office's lean standard operating process¹⁰ which places a heavy emphasis on engagement with supply markets before procurement processes commence.

Other helpful guidance includes Social Enterprise UK's 'Working with the Public Sector: Busting the Myths'¹¹ which challenges misconceptions and risk-averse interpretation of procurement policy.

Overall, local authorities are optimistic about the opportunities the Act offers. The 2013 Compact Voice survey found almost 85% of LA respondents agreed that the 'the Social Value Act means public bodies will take the opportunity to fund with long-term community benefit in mind'¹².

This enthusiasm is evidenced in the range of initiatives local authorities have launched since the Act was enforced in January 2013, which include setting up a Social Value Taskforce, creating commissioner toolkits, and issuing social value market statements to communicate desired outcomes to potential service providers.

Some councils have benefitted from creating **a joint social value strategy** with local stakeholders to underpin commissioning and procurement processes. With a local definition of social value, it is easier to identify desired social outcomes and measures which meet local priorities and can be shared across all local commissioning bodies and their procurement strategies. This ensures all activities meet the locally agreed objectives,

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/79273/Public_Services_Social_Value_Act_2012_PPN.pdf

⁹ Gov.uk – 'Publications and guidance on the Commissioning Academy':

<https://www.gov.uk/government/collections/commissioning-academy>

¹⁰ Cabinet Office – 'Lean Sourcing: The Standard Solution': <https://ccs.cabinetoffice.gov.uk/about-government-procurement-service/lean-capability/lean-sourcing/lean-sourcing-standard-solution>

¹¹ Social Enterprise UK – 'Working with the Public Sector: Busting the Myths':

http://www.socialenterprise.org.uk/uploads/files/2013/01/working_with_the_public_sector_busting_the_myths_2013_jan_13_seuk1.pdf

¹² Compact Voice – 'Annual Survey Results Briefing: Social Value':

<http://www.compactvoice.org.uk/blogs/compact-voice/2013/08/07/local-compact-survey-results-2013-briefing-3-social-value>

as well as provide transparent and consistent messaging to service providers and bidders on the expectations of commissioners. Monitoring and reporting on the implementation of the Act will also help contracting authorities to measure the extent to which procurement is taking account of value for money and social outcomes.

Case study: Meaningful engagement for a social value strategy in Knowsley

In preparation for Act in January 2013, Knowsley Metropolitan Borough Council took the initiative to set up a cross-sector partnership board with the local CVS and Chamber of Commerce Housing Trust, to begin to outline a local approach to social value. By engaging early, the partnership board were able to outline initial outcomes and measures which identified with local priorities, and invite feedback from the community. This was developed and discussed with members as part of scrutiny committees on localism and commissioning which led to the agreement of a social value policy statement. The statement is now embedded into the Council's 4 year corporate plan, as well as fully integrated into the Economic Regeneration Strategy, Procurement Strategy and City Region work on securing employment and skills through procurement.

With a strong partnership board established, a review structure is also in place to ensure the social value strategy remains fit for purpose and continues to address local priorities.

This is a good example of adopting a Compact approach by establishing strong partnerships to enable meaningful engagement and collaboration on local strategies, and maintain good communication to best meet public benefit and community need.

For further case study examples of how local councils have used the Act to set up social value strategies, visit the NAVCA website: www.navca.org.uk/socialvaluestrategies.

6. Using the Compact as a tool to engage

Engagement with communities, providers and other stakeholders is important in order for public bodies to understand, define and communicate what social value means locally. Then they can articulate this in a social value strategy which underpins commissioning and procurement approaches.

The VCS is an important stakeholder in this engagement process, as they have expertise across a range of social issues and sectors, and are playing an increasing role in service delivery. With strong community links, the VCS also plays a vital representative role for a range of groups, especially the most disadvantaged and hardest to reach communities. Engaging with the sector will be essential for public commissioners when designing services to tackle issues such as unemployment and economic growth, reducing reoffending and dealing with multiple health and social issues.

The Compact is an important framework to help build strong partnership working between the public and voluntary sectors. Almost every local authority in England is signed up to a local Compact, which sets out agreed principles for a relationship that reflects local circumstances and goals. Whilst many local Compacts can be shown to be delivering tangible benefits for local partners and local people, some local Compacts have suffered from a lack of commitment from one or both partners.

Social value presents an opportunity for areas with inactive local Compacts to consider how to comply with the Act, and undertake complementary measures to reinvigorate their Compact.

Many areas already have an established local Compact group, with cross-sector partnership frameworks in place, and representation for contracting authorities, communities, service users and local service delivery partners. This can be a useful forum to jointly define what social value means locally, and agree on a strategy which identifies social value outcomes and measures.

For further information about how your local Compact can help throughout the commissioning and procurement process, see the Compact Voice guide: **‘Understanding Commissioning and Procurement: A Guide for Local Compacts’**¹³.

6.1 Agreeing and measuring outcomes in contracts

Principle 3.6 of the national Compact sets out a clear expectation that public bodies consider social value before initiating a procurement process. It also states that outcomes, including social, environmental or economic value, are “agreed with” the VCS organisations before a contract or funding agreement is made.

One approach, which would be consistent with Compact principles, is seeking agreement on a set of potential social value outcomes for each contract opportunity with potential bidders and service users during the pre-procurement stages. Fostering strong and trusting cross-sector relationships is vital to developing this kind of engagement. The Local Government Information Unit agrees:

“Building social value in a contractual arrangement goes beyond the content of the contract and relates directly to the quality of the relationship between commissioner and commissioned.”¹⁴

Engaging with the VCS can lead to a stronger relationship beyond the scope of service delivery. This can lead to an improved understanding of service users’ own identified outcomes which can be built into the contract specifications of a commissioned service. By adopting a partnership approach to commissioning, contracting authorities can produce

¹³ Compact Voice – ‘Understanding Commissioning and Procurement’:
<http://www.compactvoice.org.uk/resources/publications/commissioning>

¹⁴ Local Government Information Unit – ‘Future Service Partnerships: how the private and community sectors can generate value together’: www.lgiu.org.uk/wp-content/uploads/2012/06/Future-Service-Partnerships-how-the-private-and-community-sectors-can-generate-social-value-together.pdf 9

better designed and more responsive services with robust measures to evaluate how far social value outcomes have been achieved.

6.2 Decommissioning

With continued reductions in public spending, public bodies are increasingly having to regularly review their service needs and funding arrangements with providers. As the Social Value Act only applies to pre-procurement stages of contracts of service, public bodies seeking to end a contract are not required by legislation to consider the social impact of decommissioning a service. This **strengthens the need for principles of the Compact to be upheld** during any decommissioning process.

Public bodies should seek advice from relevant voluntary groups on the social, environmental or economic impact of funding changes and assess the impact on their beneficiaries, service users and volunteers before deciding to reduce or end funding for a service.

Principle 4 of the national Compact establishes clear arrangements for managing changes to programmes and services, to ensure full consideration; transparency and communication between partners are followed during the decommissioning process.

Further advice on how to decommission public services delivered by VCS organisations and maintain value for money can be found on National Audit Office website: www.nao.org.uk/decommissioning.

7. Consultation: when and who

Consultation is a key element in identifying priorities, improving understanding of issues and maintaining strong partnership working – and is a core principle upheld in the Compact. Poor consultation practice risks preventing organisations from responding or engaging with policy decisions which affect them, meaning public bodies may not fully understand the depth and breadth of an issue.

Meaningful consultation when commissioning services provides further additional benefits for commissioners to get the most effective and best value deal. It enables commissioners to better understand the supply market and provide notice to suppliers about upcoming procurement opportunities. Potential bidders are then afforded preparation time to meet contract requirements and specifications.

The VCS plays a unique role in being able to share their knowledge and insight into the needs of communities and service users which can then feed into service design. They also have a growing share in the supplier marketplace. In order to fully engage with the commissioning process, VCS organisations require sufficient time to respond and gather evidence for public consultations, while maintaining day-to-day services. It is important that commissioning bodies build this into their timeframes when designing a service or contract, especially when seeking to build in social value specifications.

7.1 Policy development

Principle 2 in the national Compact outlines responsibilities for statutory and VCS partners to ensure ‘effective and transparent design and development of policies, programmes and public services’. In particular:

- **Principle 2.1** states that partners must ensure ‘social, environmental and economic value forms a standard part of designing, developing and delivering policies, programmes and services’
- **Principle 2.3** sets out terms for proper engagement for public bodies to involve the sector at the ‘earliest possible stage to design policies, programmes and services’ and ensure that ‘those likely to have a view are involved from the start and remove barriers that may prevent organisations contributing’
- **Principle 2.4** establishes the expectation for 12 week consultation period to allow partners to consult their stakeholders and produce a considered response. When circumstances prevent public bodies from meeting these requirements in full, reasons should be transparently explained.

Compact Voice’s guidance ‘Ensuring Meaningful Engagement when Consulting’¹⁵ sets out good practice principles to follow to ensure meaningful cross-sector engagement – especially when consultation periods are shorter. These principles should also be considered when including social value in policy development processes.

Case study – Bristol City Council’s commissioning of new Community Transport

By adopting an outcomes-based commissioning process, Bristol City Council was able to engage with service users, providers and other commissioners to design contract specifications for its community transport services. Through representation on the Commissioning Project Board, Bristol’s Compact Liaison Officer identified the need to work with the VCS in this process. The result had multiple positive impacts on the community and future of commissioning in the area, including:

- **Service users identifying their own outcomes** to maintain older and disabled peoples’ independence and to improve overall wellbeing, for a better designed service
- **Commissioners gaining an increased knowledge of outcomes** beyond procuring passenger journeys, with co- development of an outcomes framework with VCS providers
- **Improved relationships between commissioners and providers** leading to increased participation of providers and service users in commissioning processes

¹⁵ Ensuring Meaningful Engagement when Consulting, Compact Voice, 2012, www.compactvoice.org.uk/resources/publications/ensuring-meaningful-engagement-when-consulting

- **Intelligent commissioning** through thorough consultation led to savings in choosing a competitive grants process rather than full procurement, proportionate testing and evaluation of service, and a clearer focus on specific outcomes.

Suggested actions for commissioning authorities

1. Follow the agreed principles of your local Compact; consult at all stages of the commissioning and procurement process.
2. Use your local Compact group to identify VCS partners to engage in social value discussions.
3. Work together to agree a definition of social value for your local Compact or include a commitment in renewed Compacts to this end. Ensure the definition includes desired social outcomes and measures, and the role of VCS partners in achieving these.
4. Ensure interpretations are appropriate and recognise the capacity of VCS organisations to provide social value, as well as considering the quality of bids.
5. Agree a joint social value strategy which is embedded across all procurement initiatives.
6. Consider social value in all services, including lower value contracts; write this in as a revised principle in your local Compact.
7. Regularly view your social value strategy and principles alongside any review of local priorities.
8. Apply social value considerations in the decommissioning of services; include this in your decommissioning strategy.

8. The voluntary sector: engaging with the Social Value Act

The Social Value Act is changing how contracting authorities must assess and account for social value in service contracts, and for the first time has placed a requirement on commissioners to prioritise social considerations and well-being over lowest cost. This has opened the door for VCS organisations to demonstrate their capabilities and achievements in delivering additional social value through service delivery. With social outcomes more easily identified with the voluntary sector, highlighting this maximum social value should be a priority for any VCS organisation bidding for a service contract.

At a time when VCS organisations are increasingly relied upon to deliver public services, the Compact can help to ensure a level playing field, encourage open and honest dialogue

across sectors and establish a foundation for these relationships that ensures both sectors are treated fairly.

8.1 Demonstrating social value

Demonstrating and measuring impact has been a rising issue on the VCS agenda in the last decade. The introduction of the Act has made it all the more important for voluntary organisations to **evidence** how they can deliver value for money and additional social benefits as this could be the difference between winning and losing a contract award. In an environment where the VCS are delivering more public services and with an increased demand for transparency, robust evidence and appropriate reporting is critical to the long-term success and reputation of VCS providers.

VCS organisations should measure and report on agreed outcomes as set by the commissioner and identified in the contract specification. Compact Principle 3.17 outlines the responsibility of VCS organisations to ‘demonstrate the social, environmental or economic value of the programmes and services provided, where appropriate’. Proper monitoring, evaluation and measurement of social impact is beneficial for organisations as it can assist them in making improvements and adopting a more strategic approach to service delivery.

The Compact also places an expectation on public authorities to ensure “that **monitoring and reporting is relevant and proportionate** to the nature and size of the opportunity” (Principle 3.6). VCS providers should monitor the appropriateness of reporting requirements.

In order to provide accurate and appropriate evidence, understanding the contracting authority’s pre-identified outcomes and preferred impact measurement tools, if specified, are essential. Contacting lead procurement officials for further information to better understand contract specifications, and referring to any social value or procurement guidance and market statements issued by the commissioning body is recommended when making your bid application.

Some commissioners have employed other mechanisms to engage with their supplier market such as consultation or ‘meet the buyer’ events. These opportunities enable potential service providers to learn more about the local procurement strategy, process and future contract opportunities. The last is important in giving organisations enough time to prepare resources and capacity to be able to deliver a contract. Moreover this also helps build a stronger relationship with local commissioners so that issues or barriers in the supply market can be more easily addressed.

For more information on demonstrating impact, visit the Prove and Improve website: www.proveandimprove.org/index.php and NCVO’s impact resources: www.ncvo.org.uk/practical-support/impact.

9. Providing a voice for the community and service users

The VCS position in public services is not limited to delivery, they also have a role in advocating on behalf of the groups they represent or have direct engagement with. Engaging in the design and commissioning of services provides an opportunity to inform commissioners about current gaps in service provision and address barriers to access.

Commissioning and procurement are often used interchangeably; leading to the misconception that commissioning only considers contracting services. In fact, commissioning is the process by which a statutory body analyses, plans and reviews how it allocates resources to achieve specified outcomes, while procurement is the purchasing of services.

9.1 Representing your beneficiaries

VCS organisations should recognise and promote the value of their participation in this process of shaping plans for future service provision and social strategies for the local area. In providing a voice for groups, especially the most disadvantaged or marginalised, organisations can help identify service criteria which meet local need. As independent actors in the community with direct access to customer experience of the service, VCS organisations are often well-placed to monitor and inform providers and authorities about the quality of services.

In order to fulfil the advocacy role, VCS organisations should try to engage with local decision-making as early as possible and at every opportunity. This includes monitoring local plans for service provision, attending consultation events and responding to written public consultations. Principle 2 of the Compact outlines the roles and responsibilities of government to ensure effective and transparent design and development of policies, programmes and public services, and for VCS organisations to actively promote and engage in the process. Clear and meaningful consultation processes are an important tool to share local intelligence and address issues which have a direct impact on service users and the wider community. The Compact's recommendation of 12-week consultation timescales (Principle 2.4) allows organisations sufficient time to collect robust evidence and consult with affected groups to provide good quality responses, which should lead to better design of future services. Monitoring the quality of consultation processes is important to hold authorities to account in their duty to consult, and VCS partners should make recommendations for how statutory bodies could remove barriers to engagement and improve redress.

For more information about commissioning and the Compact, see '**Understanding Commissioning and Procurement: A Guide for Local Compacts**'.¹⁶

¹⁶Compact Voice – 'Understanding Commissioning and Procurement: A Guide for Local Compacts': http://www.compactvoice.org.uk/sites/default/files/understanding_commissioning_and_procurement_guide.pdf

9.2 Enabling user engagement

VCS organisations also have a duty to help beneficiaries understand statutory guidance and communications, especially for those who struggle to engage through traditional routes. This involves working with authorities to ensure communications reach affected stakeholders, and use language which is appropriate and accessible. Improved understanding of their rights and expectations of services empowers individuals with a direct voice to engage and feedback on quality of service provision.

Something to consider. . .

It is important to note that public officials often work to rigid timescales with specific desired outcomes to meet, so making it as easy as possible for commissioners and procurement officials to engage with organisations is vital. Clear explanation of the benefits of engagement such as how it will improve the service or local area, and how it will help achieve desired social outcomes is an effective way to frame dialogues and open discussions. Providing relevant and robust evidence in accessible formats is an important part in supporting these activities to further influence change.

10. Creating a joint social value strategy

Reaching a local definition of social value is important for it to be effectively embedded into commissioning and service delivery practices. The Social Value Act is designed so local areas can set a definition that best reflects their distinct characteristics and local priorities, and enables them to shape commissioning and procurement frameworks. VCS involvement in this process is therefore important to ensure it best reflects the changes organisations want to see in their local area.

Section 4 of this guidance highlights various examples of how local commissioning bodies have worked with local stakeholders to create a joint social value strategy. A social value strategy employs the local definition of 'social value' to identify desired social value outcomes and measures to achieve locally agreed priorities and improve the overall wellbeing of the local area. A more concrete concept of social value can be embedded into the local council's corporate policy and practice, and gain stronger commitment through adoption by all local commissioning bodies.

The legislation can lead to further opportunities to discuss wider issues with local authorities, for example how the sector can contribute to the achievement of desired social outcomes and what current barriers prevent taking a greater role in this process. This includes issues in contract frameworks and procurement processes, capacity and resource, and strengthening the relationship between the local statutory bodies and the VCS.

10.1 Using your local Compact to open up dialogue on social value

Local Compact groups have provided a useful forum for local authorities and other commissioning bodies to connect with local VCS partners through an established network. Where a social value framework for the local area has not been decided, using your local Compact to negotiate these discussions can help establish open and transparent dialogue for all partners to meaningfully engage on the issue, as well as strengthen the commitments agreed by signatories in their local Compact. The Compact is also a good tool to strengthen the Act's requirements by gaining a new commitment to extend social value considerations to all procurement opportunities.

Utilising the local Compact group in the process of developing a social value strategy has more far-reaching benefits too. There is no legal requirement for new commissioning structures such as Clinical Commissioning Groups (CCGs) and Police and Crime Commissioners (PCCs) to sign up to their local Compact, however engaging with them on the process of developing a strategy can promote the benefits of local Compact working to them, and encourage them to engage with the voluntary sector as well as the local Compact partnership or steering group. A commissioning body signing up to a local Compact sends a strong message that they are willing to strengthen relationships with local voluntary organisations and continue working collaboratively on future plans for local service provision.

The Social Value Act also provides an opportunity to train commissioners and procurement officers in understanding the Compact. By highlighting the link between implementing both the Act and the Compact, training will help to ensure that commissioners associate Compact compliance with their statutory responsibilities for considering social value.

Case study: London Borough of Sutton Compact Group

Through the development of their new local Compact, the Sutton Local Compact Group widened its representation to **include representatives of all the main commissioning directorates** within the borough.

The revised steering group enabled the development of a number of key projects including a joint initiative to **develop a local framework to measure social value** in the local commissioning process. By using the Compact group as a forum to develop these policies, **the framework will be embedded in all commissioning and procurement activities** in the Borough and supported by all commissioners.

A further additional benefit of engagement through the local Compact group has been the **review of the voluntary sector's role in the community** and the support it will require to strengthen its capacity and meet future challenges.

This has resulted in London Borough of Sutton committing funding and providing premises for the voluntary sector to help meet those needs.

Suggested actions for voluntary and community organisations

1. Work together to agree a definition of social value for your local Compact or include a commitment in renewed Compacts to this end. Work towards a joint definition of social value that reflects the social outcomes desired, and clarify what can be achieved by the VCS.
2. Talk to statutory partners, in particular commissioning teams, about how they understand social value. It may be that contracting authorities have differing understandings of social value and how it should be implemented.
3. Find out what social value frameworks have been established by local public bodies. Where a decision has not been made, seek an opportunity to jointly agree an approach that accounts for locally agreed priorities.
4. Remind signatories of their commitment to ensure reporting expectations are reasonable and proportionate.
5. Recognise that a requirement to collect accurate information on the social value you provide is reasonable.
6. Gain commitment from statutory partners to extend the requirement for considering social value to all procurement opportunities.
7. Train commissioners and procurement officers in understanding the Compact, and highlight the link between implementing both the Act and the Compact.

For further information and support about understanding and implementing your local Compact effectively, read Compact Voice's comprehensive toolkit '**Local Compacts: A User Guide**'¹⁷. This includes guidance on establishing and conducting Compact groups, revising your local Compact, establishing an implementation/action plan, and on topics such as influencing the new health landscape.

¹⁷ Compact Voice – 'Local Compacts: A User Guide':
www.compactvoice.org.uk/resources/publications/local-compacts-user-guide

11. Further reading and resources

(This is by no means an exhaustive list, but highlights some of the useful guidance available on the Act and social value more broadly)

Cabinet Office

- ‘Public Services (Social Value) Act - one year on’:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275719/Public_Services_Social_Value_Act_-_One_Year_On.pdf
- ‘Procurement policy note 10/12: The Public Services (Social Value) Act 2012’:
<https://www.gov.uk/government/publications/procurement-policy-note-10-12-the-public-services-social-value-act-2012>

Legislation.gov.uk

- ‘The Public Services (Social Value) Act 2012’:
<http://www.legislation.gov.uk/ukpga/2012/3/enacted>

Locality

- ‘Approaches to Demonstrating Social Value’: <http://locality.org.uk/wp-content/uploads/approaches-to-demonstrating-social-impact-2013-03-07.pdf>

NAVCA

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