



Social Value through Public Sector Spending: the Role of the Social Economy

Devon Social Entrepreneurs Programme



Social Value through Public Sector Spending: the Role of the Social Economy

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How can the social economy provide increasing social and environmental value to public sector institutions through their regular spending? In 2022, New Prosperity Devon (NPD) ran workshops to explore this topic as part of the Support Social Entrepreneurs programme for rural Devon, led by the School for Social Entrepreneurs Dartington. Discussions with social entrepreneurs, public sector personnel, local government and academics, reflected a decade or more of social value commitments, with some remarkable benefits, some achieved incrementally, others with radical changes in approach. They also reflected the obstacles encountered, and some of the tried and tested practices which have proved effective. In this report we register some key learnings from these discussions and pointers for a way forward, both for social enterprises and for public sector bodies, including recommendations for policy development on a wider scale. We need to bring more of the benefits which change lives into spending decisions, currently under financial constraint, in continued recovery from Covid and with rising inflation. In a time of increasing pressure on public spending, achieving maximum impact from every pound spent is vital for the public sector and for communities.

Table of Contents

1. Executive Summary.....	4
2. Introduction	5
3. What kind of social value?	7
4. Evidencing Social Value	13
5. Maximising Social Value from Public Sector Spending	19
6. Food, Health and Housing:	30
7. Recommendations	37

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1. Executive Summary

Local authorities in Devon are at very different stages in their pursuit of social value. There are some outstanding examples of good practice (reflected in Section 5). On the other hand in some smaller authorities, constraints of personnel and finance, the small size of most contracts and participation in national framework agreements for larger spending elements, mean that few steps have been taken.

Economic, social and environmental benefits are all considered part of 'social value', but financial proxy measures are better able to reflect some benefits than others. Most districts have adopted the national TOMs financial proxy measures. Qualitative measures are still required, and standards such as Plymouth City Councils 'Resurgam Charter' enable enterprises to sign up and record their social value commitments. Clear advertising about the weighting given to social value in bid selection and the types of social value sought, also help suppliers to respond and shape their offers accordingly.

Impacts such as reduced public sector expenditure can also be accounted as social value.. Isolation, marginalisation and poverty impose substantial 'knock on' costs on health and social services, schools, and the criminal justice system. For example, we learnt that personalised support for homeless people with complex needs resulted in considerable reductions in health consultations and expenses for B&B accommodation. It is vital, particularly with health and wellbeing interventions, for whole system impacts to be considered.

Recommendations for institutions

- More systematic and complete measurement of social value by both enterprises and buyers is essential for fully informed procurement. We review methods for achieving this, whether by using the national TOMs (Themes Outcomes and Measures) proxy financial values, or prior weightings and questions to enterprises bidding for tenders, or by using a wider tool for assessing varied types of value such as the Doughnut Decision Tool used by Cornwall Council. Further investment is needed in capacity to integrate social (including environmental) value in decisions in some authorities particularly at district level.
- Some Devon institutions have instituted thorough processes that allow consideration of social value, with prescribed weightings, and many take steps to engage SME's. Wider discussion and dissemination of best practice can support public sector institutions to make use of these processes.
- More institutions could integrate consideration of the potential advantages of social enterprises and other value-aligned organisations (eg charities) as suppliers and providers. Social value is often an integral part of their provision and delivery methods..
- Simpler processes and portals for registering as a supplier reduce the time costs for social enterprises and other SME's to become potential suppliers and receive calls for quotes. 'Supply Devon' is one such platform.
- The potential gains increase with the possibility of collaborative commissioning with mission-led organisations, particularly in the health and well-being sector, where many non-profit organisations are active.

Recommendations for social economy enterprises and organisations

- Many enterprises can improve their bids and funding applications by fuller evidence of the social value they provide. Both quantitative and qualitative evidence is needed, aligned where appropriate to the public benefits or social value goals sought by the funder. Successful social enterprises often provide excellent examples of this.
- Advocacy roles are often needed to raise awareness of the particular needs to which the enterprise caters and to achieve funded support, as well as raising the organisation's profile. Most public services are the result of past campaigns.
- The social economy will gain from more collaborative rather than competitive approaches to bidding and funding applications, and for this networking is a necessary cost. In this way social economy organisations can increase their capacity to deliver contracted services in support of shared public sector objectives. The Ageing Well programme in Torbay, run by a partnership of 17 organisations, illustrates the potential benefits of collaboration, and the important role of social economy organisations which convene and host partnerships.

Policy development

- The Public Services (Social Value) Act of 2012 was a pathbreaking piece of legislation. Its provisions have been strengthened in 2020 mandating Government bodies to consider and account for social value in larger procurement contracts. Smaller authorities, eg at district level, in many cases require additional personnel at a time of staff shortage to review procurement contracts and processes to implement it..
- Support was included in the original Bill for social enterprises, because of the social value they provide. The potential role of social enterprises as providers and suppliers for the public sector, could be considerably greater with strategic support and if the variety of social value they provide (beyond eg the types recognised in TOMs) is recognised and integrated into decision processes.
- Sources of investment finance for social enterprises require augmentation.. Enterprises (including all SME's (small and medium enterprises), but particularly social economy enterprises) often struggle to gain investment finance for start-ups and growth; this was true for all our three focus sectors, food, housing and health and wellbeing. Surveys show that throughout the South West social enterprises are pessimistic about seeking finance for investment. We note the key role of local financial institutions in building successful social economies in other countries and recommend the full establishment of the South West Mutual Bank as a regional source of finance for SME's, of which around 9% are social businesses.
- Wider discussion of institutions' experience and good practice would also assist the inclusion of social value in spending decisions, developing a community of practice and locally relevant guidelines.
- There is a need for reconciliation of the priorities embodied in planning legislation with the social and environmental values supported through central government guidelines under the Social Value Act 2012. Such reconciliation could be advanced in proposed reforms of national planning regulation, the National Planning Policy Framework (NPPF).
- TOMs (Themes Outcomes and Measures) proxy financial values and the associated Social Value Portal help public sector bodies to take account of some social value contributions in a consistent way. Other types of social value (eg biodiversity) are not included in these measures, yet still require to be considered in decisions despite the fact that accounting for impacts is necessarily qualitative.
- The housing crisis in the South West is unlikely to be solved by building more houses. The affordability gap has meant that many attractive (and particularly coastal) settlements are ghost villages out of holiday season while homelessness is

increasing. Community Led Housing solutions have a vital part to play in providing homes for local people otherwise priced out of the market. The homes they provide are always fully occupied. Local expertise and availability of sites are constraints as well as finance. Community-Led Housing solutions already have large numbers of affordable homes for local people planned or in the pipeline. Delivery of these homes can be enabled by the restoration of the Community Housing Fund.

- There are path-breaking co-ops and social enterprises increasing the sustainable production and consumption of local food. In some areas of Devon - not exclusively rural - more intermediaries are needed to assist community based and other SME food producers with processing and marketing.
- To achieve increased localisation and resilience, analysis could identify which gaps in local supply chains have the potential to be filled by local enterprises; and policies put in place proactively to develop social economy enterprises to fill these gaps.
- Education for business should routinely include distinctive units on preparation for co-operative, social and community-rooted enterprise.
- The social economy is flexible, agile in meeting community needs, and particularly in community-based enterprises, highly vulnerable. As costs of energy and other inputs continue to climb, there is a risk that services and value provided by the social economy will be lost. Without short term financial support, the consequences of their demise will involve particularly damaging cessation of services and support to many vulnerable groups.
- Local Fora for the social economy foster collaboration and achieve necessary communication between VCSE sector and statutory services.

2. Introduction

Social enterprises are a rapidly growing part of the UK business landscape. Forty-seven percent are under 5 years old, and 74% made a profit, despite Covid-19 in 2019-20 according to the most recent State of Social Enterprise Survey¹. The median turnover was £100,000 and 6% recorded over £5 million. More social enterprises have grown or are planning growth than other enterprises and 4% now employ over 250 people. Further, 22% operate in the most deprived areas of UK.

Social enterprises are reported to contribute £60 million to the UK economy, and charities and voluntary sector organisations receive in donations some £45 million, using this to carry out tasks and services employing 900,000 people.² The millions of volunteer hours mobilised by the sector are no less valuable because they are unpaid and largely uncounted.

In rural Devon, the Support Social Entrepreneurs programme, funded by Devon's Community Renewal Fund, provided dozens of existing and start-up social enterprises with one-to-one expert advice and match trading grants.³ New Prosperity Devon's (NPD) role was to prepare social businesses to play a larger role in supplying public sector institutions and evidence the social value that they create and to prepare those engaged in institutional

¹ No Going Back: State of Social Enterprise Survey 2021, Social Enterprise UK, <https://www.socialenterprise.org.uk/seuk-report/no-going-back-state-of-social-enterprise-survey-2021/> and see also <https://www.socialenterprise.org.uk/app/uploads/2022/06/SEUK-State-of-Social-Enterprise-South-West.pdf>

² <https://www.newprosperitydevon.org/post/the-imperative-of-social-return-on-investment-measure>

³ <https://www.the-sse.org/courses/devon-social-entrepreneurs-programme/> and <https://www.newprosperitydevon.org/supplying-devon-shared-prosperity>

procurement to recognise and take advantage of the social economy's potential through their spending. More detail of the seven events is given in Appendix 1.

In this report, we share our learnings, recognising both the obstacles which institutions and enterprises encounter and some of the success stories which illustrate the potential gains when things go well. We draw on the experience of participating enterprises and organisations, as well as participants from councils and public sector organisations. Our learning from each other helps us to move towards a shared set of regionally and nationally-based values and goals which can be pursued through revenue spending and capital programmes, instantiated in a community of practice in public sector institutions and elsewhere..

In Section 3, we explore the various kinds of social value that the social economy can provide and in Section 4, how these can be evidenced in bids and grant applications and how they are sometimes measured. Section 5 reports on the potential for growing social value and on some of the current limitations on public sector and social economy organisations working more successfully together. Issues raised in specific sectors - food, housing and health and well-being - are discussed in Section 6, followed by recommendations for policy development and practical improvements in Section 7.

In this report, as with the Support Social Enterprise Programme, we deal with social enterprises, co-operatives, and organisations in the voluntary, community and charity sector, referring to them generally as the social economy.

Social enterprises are businesses with specific social objectives stated in their constitution. Any surpluses they make are reinvested or donated to maximise the achievement of their social goals. Many are started by community organisations who have come together to meet a need.

Co-operatives are businesses which are owned collectively by their workers (worker co-ops), their customers (consumer co-ops) or a mix of stakeholders (multi-stakeholder co-ops). Any surpluses they make are distributed to their owners, who also control the governance of the enterprise and elect the board of the company. Many co-ops embed goals such as environmental protection or equality in their operations, limiting the wage disparities within their organisation and adopting sustainable policies and practices.

3. What kind of value does the social economy provide?

In recent years, local authorities have been increasingly concerned to gain extra social value through their spending. A business established to serve a public or social purpose typically creates several kinds of value which contribute to public goals. Some of these - such as the contribution to the local economy, training and skills - are recognised by the national guidelines for social value, in the Themes Outcomes and Measures (TOMs) tools, and others are not. Because social enterprises, co-operatives and the trading arms of charities are generally rooted in their communities, they often bring a financial value through their local knowledge, commitment, and in many cases the volunteer time which they organise; but typically, they also bring social benefits through personal contact, friendship, advice, practical assistance and the application of specialist knowledge and support.

Social enterprises and co-ops are frequently committed to greater equality and diversity in their governance arrangements and realise this in their leadership. A report drawing on research into small and medium social enterprise 2011-2017 found that 21% included at

least one BAME leader, and 49% were led by women, considerably above the average for conventional businesses.⁴

Figure 1 indicates the variety of social and environmental objectives adopted by social enterprises. With many dimensions of social value, it is not self-evident how this can be measured. How can institutions judge whether they are getting the best mix of financial and social value in allocating their resources?

3.1 Definitions

The Social Value Act refers to how ‘what is proposed to be procured might improve the economic, social and environmental well-being’ of the relevant population’. On the whole these elements of well-being are not reflected in financial returns to a project, programme or regular public sector spending which, nevertheless, is expected to consider these benefits.

*“Social value is a way of thinking about how resources are allocated and requires us as a local authority to look beyond the cost and quality of awarding a contract and to take a broader look at the potential collective benefit to the local community and the city”.*⁵

Phil Symons, Head of Procurement Systems and Governance, Plymouth City Council

Plymouth City Council’s working definition of social value is:

*‘a process whereby the organisation procures and commissions goods, services and works 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’*⁶

The dimensions of social value include the economic – eg boosting incomes and employment in the local economy; the social – eg enhancing access to employment for those furthest from the labour market, reducing deprivation and exclusion of marginalised groups, improving health and well-being when this is not the specific outcome sought - and the environmental, such as cutting carbon emissions, reducing air and water pollution, or protecting habitats. When we refer to social value in this report we include all three dimensions.

3.2 Background

When the Social Value Act was passed by the House of Commons in 2012 it required statutory organisations to “consider” or “have regard to” the social, economic and environmental benefits which would be delivered by spending on projects or items over the limit designated by Public Contract Regulations.

When first presented as a Private Members Bill by Chris White MP in 2010, the Public Services (Social Enterprise and Social Value) Bill, contained explicit obligations for central government and local authorities to promote social enterprises, to engage with them, and to ‘require that public sector contracts include provisions relating to social outcomes and social value’.

The increasing public anxiety about climate change and the passing of Climate and Ecological Emergency motions by a large proportion of local authorities has increased

⁴ <https://www.socialenterprise.org.uk/press-releases/social-enterprises-impact-gender-inequality-poverty-and-employment-diversity-but-need-help-to-survive-in-post-brexit-britain-new-report-reveals/>

⁵ Presentation, ‘Procuring for Prosperity’ NPD workshop.

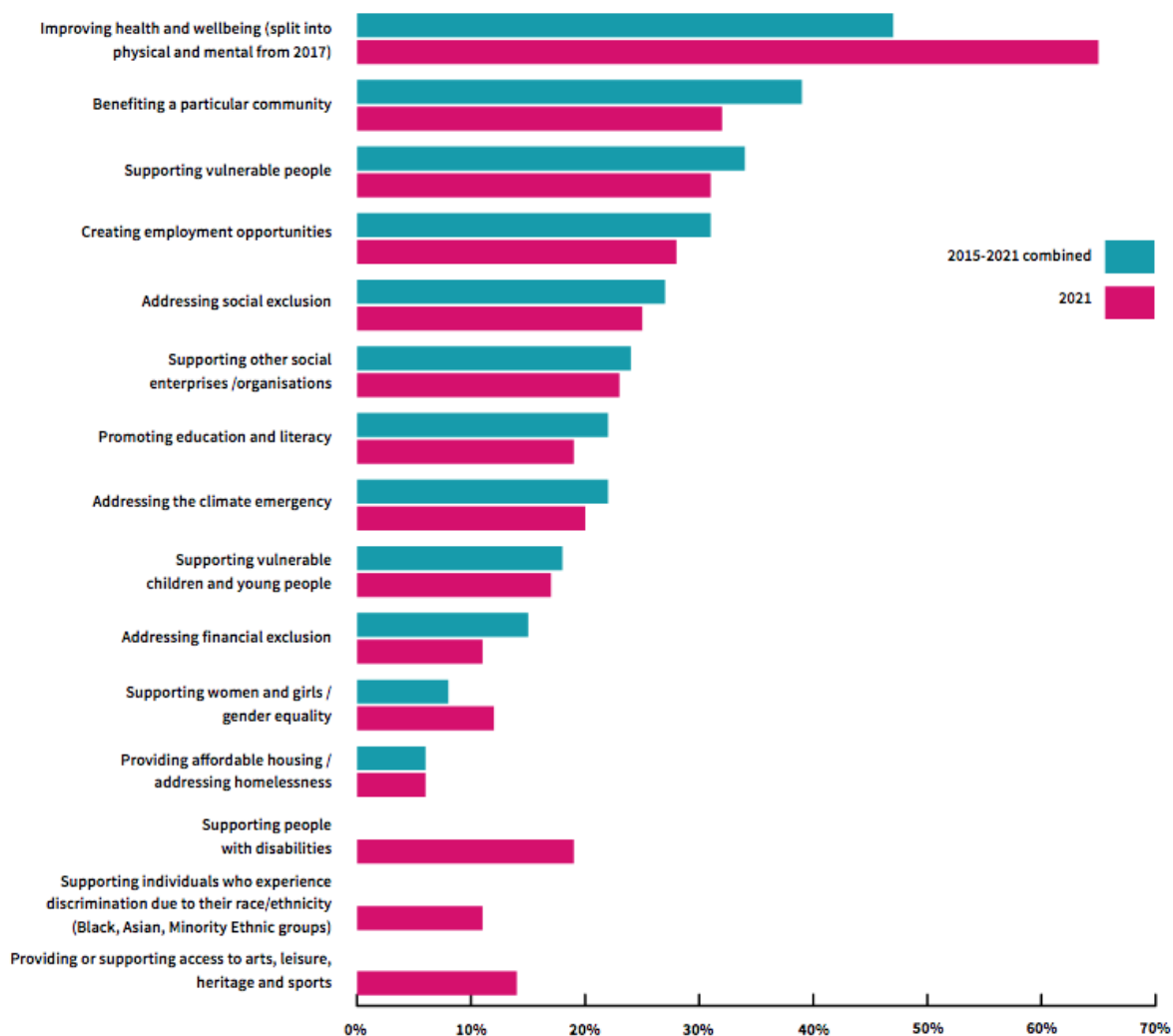
⁶ <https://www.plymouth.gov.uk/aboutcouncil/doingbusinesscouncil/socialvalue>

awareness of the environmental aspects of 'social value'. The pandemic, and war in Ukraine have also revealed the vulnerability of supplies to any disruption of global markets, placing a premium on resilience through the development and use of integrated local supply chains.

The Social Value Act - and it must be said, the years of austerity following the financial crisis - encouraged certain authorities in the UK to adopt a Community Wealth Building approach, to achieve what could not be achieved by increasingly competitive bidding by cities and regions for incoming investment from UK or from abroad.

Preston, Lancashire was one of the first authorities to adopt this approach, using procurement to leverage social value through a clear weighting of employment and sustainability goals in evaluating bids for contracts. Using this and the other 'pillars' of CWB, including the development of co-operatives and social enterprises, Preston became the 'most improved' UK city in 'Good Growth for Cities 2018'⁷

Fig 1 Social Enterprises' Main Social or Environmental Objectives



Source: [ile:///C:/Users/user/Downloads/https www.socialenterprise.org.uk app uploads 2022 05 State-of-Social-Enterprise-Survey-2021-compressed.pdf](https://www.socialenterprise.org.uk/app/uploads/2022/05/State-of-Social-Enterprise-Survey-2021-compressed.pdf)

⁷ <https://www.preston.gov.uk/article/1791/The-definitive-guide-to-the-Preston-model-?ccp=true#cookie-consent-prompt>

The story goes back well beyond the ‘Preston model’ however, to the devastated and backward economy of postwar Spain, where a young catholic priest founded a technical college in the Basque country to train young people in modern trades and skills. Jose Maria Arizmendiarieta then founded co-ops to employ the college graduates, a fridge factory, other businesses, a bank.... The Mondragon cooperatives⁸, with a €14 bn turnover, have revolutionised the economy of the Basque country, providing stable well-paid jobs which survived the financial crisis with hardly any loss of employment. It was this example which inspired the Democracy Collaborative in Cleveland, Ohio⁹, which in turn has been such a compelling example for employment creation in UK¹⁰.

Cleveland had lost its traditional industries, with poverty and unemployment worsened by the financial crisis. In 2009, a group of local institutions – the city council, universities and hospitals, together with their local bank, collaborated to found the first of three large co-operatives to fill the gaps in local provision and localise some of their key supplies.

The first of these ‘Evergreen Co-ops’ was a huge laundry, established to serve the city’s hospitals and clinics. With guaranteed custom, the co-op could raise finance, invest, and create jobs, including for youth, unemployed, disabled, or people with prison records who otherwise struggled to gain employment. The co-operative structure ensures that when the companies distribute profits, these go to their own workers, and hence to their neighbourhoods, rather than leaving the area to distant shareholders.

Workers can apply to become members after a six months’ probation. Becoming part owners of the business, with a vote in decisions about company governance, is a source of pride and a sense of belonging.

This is a clear example of how co-ops and social enterprises give added value when institutions buy from them, by conferring governance rights and distributing surpluses in line with their mission and purpose – and with co-ops these are their members. This outcome was envisaged not only in the origins of the Social Value Act but in the origins of the Community Wealth Building approach itself.

3.3 Current policy

The UK Government Action Note PPN 6/20 mandates from January 2021 explicit evaluation of social value in central government contracts ‘where the requirements are related and proportionate to the subject-matter of the contract’, with a minimum weighting for social value of 10% in the evaluation of bids.

The Note states ‘The public sector must maximise social value effectively and comprehensively through its procurement’ and strengthens the requirement to give weight to social and environmental outcomes in procurement contracts over the threshold for Public Service Regulations¹¹. It also calls for weight to be given to social value in contracts below that value, currently £500,000.

⁸ <https://theconversation.com/the-mondragon-model-how-a-basque-cooperative-defied-spains-economic-crisis-10193> and <https://www.duo.uio.no/bitstream/handle/10852/16981/aasheim-Master2011.pdf?isAllowed=y&sequence=2>

⁹ <http://www.evgoh.com/> and see also https://www.youtube.com/watch?v=-rQY_jD2NzE

¹⁰ <https://www.the-sse.org/news/devons-local-economy-resilience-and-the-ohio-experiment/>

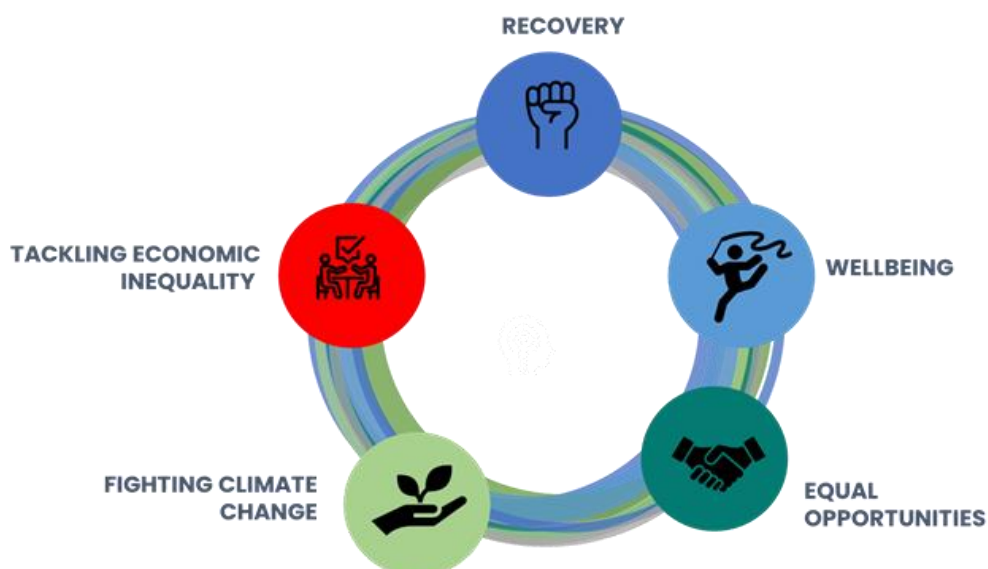
¹¹

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041964/Procurement_Policy_Note_10_21_-_New_Thresholds_Values_and_Inclusion_of_VAT_in_Contract_Estimates.pdf

Councils therefore have some discretion in how they apply the guidance, and some have issued local guidelines.

The note identifies five themes in promoting social value, illustrated in Figure 2 below.

Fig 2 Themes in social value in Procurement Policy Note 06/20



Source: PPN 06/20 <https://www.gov.uk/government/publications/procurement-policy-note-0620-taking-account-of-social-value-in-the-award-of-central-government-contracts>

3.4 Current examples of social value

The Turning Tides Project, based in Crediton, Mid Devon, is a CIC which aims to make equal access to music, the arts and other activities a reality for people with ‘learning disability’ or ‘autism’ labels¹². It illustrates well the kinds of value which can be achieved by mission-led, community rooted enterprises.

It began by creating opportunities to engage in the arts and music for those who rarely have that chance. Its offers now include a touring exhibition, band and music sessions. This has led to work on healthy living, and to providing training sessions on inclusive sports and inclusive employment. The project itself creates genuine employment in work the community needs, such as environmental projects in the town centre and surrounding areas. In the course of doing this The Turning Tides project has taken over the café at Crediton station serving cakes and cream teas, developed a catering team available for events, and a cut flower business which sells at the station and elsewhere.

The participants in these businesses ([from videos and comments](#)) are full of the confidence and satisfaction from achieving something which seemed unattainable and which is appreciated by others, whether music or a cream tea with beautiful table decoration.

‘The impact the project has had on me has been immeasurable. You never know what you’re going to be good at till you try it. You never know what you’ll enjoy until you do it.’ - from a participant with an autism label who became a support worker and network manager, or *‘Our dreams have come true. Because of the hard work. It’s amazing really’*.¹³

¹² <https://www.instagram.com/p/CgAVYsGLlgd/> and <http://www.theturningtidesproject.org.uk/>

¹³ <http://www.theturningtidesproject.org.uk/>



Credit: The Turning Tides Project



Catering and cut flowers: *Credit The Turning Tides project*



4. Evidencing Social Value

How can commercial businesses or enterprises which are part of the social economy evidence the social value which they provide when bidding for contracts or applying for grants?

In many instances the benefits created by spending are listed in bids and grant applications in qualitative terms, and where these are responding to a brief which clearly defines the outcomes required, this is appropriate: so many jobs created in the local economy, so much spending expected via the local multiplier, so many fewer miles travelled by goods supplied, so many tonnes of carbon equivalent climate emissions saved. In order to assess a bid for a particular service or application for funding, this qualitative, incommensurable description of social value provided may be sufficient, and also provides the KPIs by which the project or programme will be evaluated. For example a Wildlife Warden project will train a certain number of volunteers, of miles of hedges, new ponds, community meetings, etc.

However, in assessing competing bids to provide a contracted service, comparisons are often needed. One bid trains and employs more NEET¹⁴s, another saves more tonnes of carbon a year, a third takes extra measures to counter social isolation among elderly and disabled clients. Three possible approaches are as follows: i) using the national TOMs proxy financial value for specific benefits; ii) an authority-wide weighting for different types of social value allocated on the basis of questions to suppliers; and iii) a doughnut decision tool. A significant additional consideration is (iv) the financial savings in the cost of services resulting from the proposed activity.

4.1 TOMs

The UK government's Themes, Outcomes and Measures (TOMs) system introduces financial values which can be used as proxy measures for social value provided by a bid, project or programme. These include measures for training and employment, local economy growth, social and health well-being, environmental impact and innovation. More details of what is measured are in Fig 3 below.

The UK government Social Value Portal allows enterprises and institutions to calculate social value by inputting their qualitative data to arrive at a financial sum representing social value¹⁵.

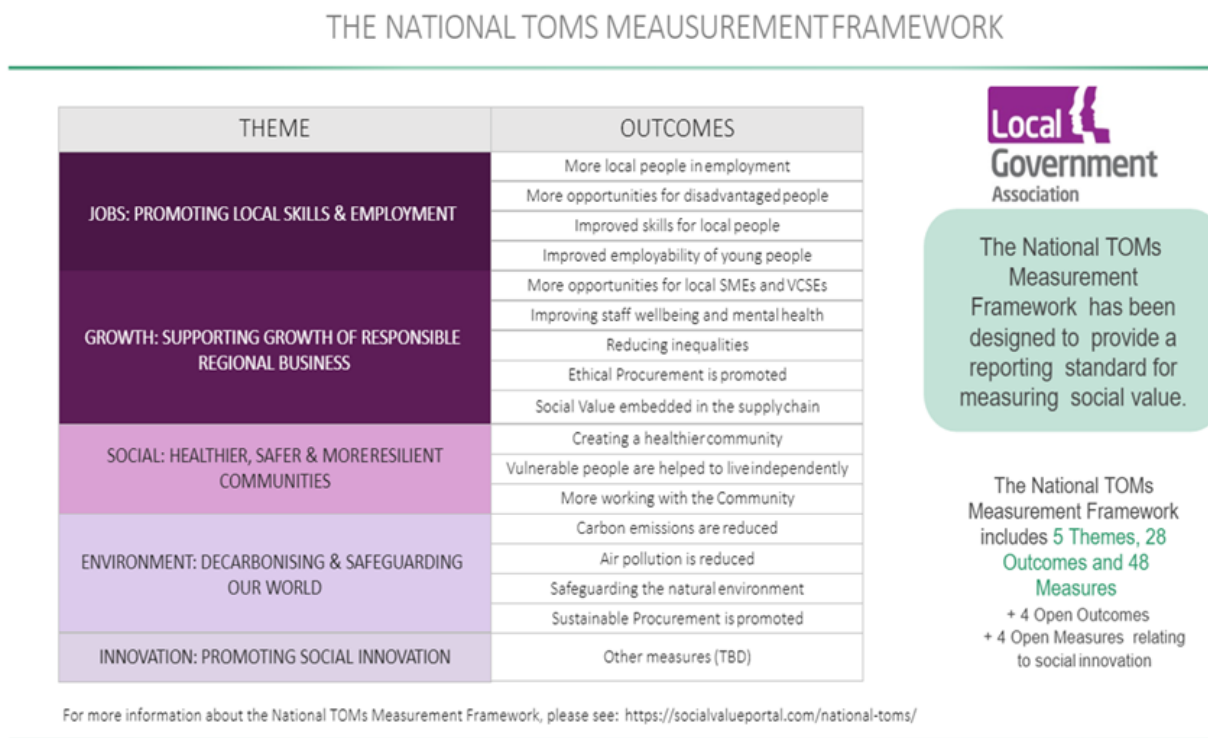
Devon Districts Procurement Strategy 2019-2022 adopts TOMs metrics to measure social value; including carbon emissions reductions both from the supply chain and emissions post sale and disposal i.e. whole value chain (Scope 1, 2 and Scope 3).

The issuing of these financial values helps to ensure consistency of decisions across local authority departments, and between areas, and helps officers to weigh up incommensurable types of value.

¹⁴ Not In Education, Employment or Training

¹⁵ <https://socialvalueportal.com/>

Fig 3: The National TOMs Measurement Framework



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

Examples of the TOMs ‘Proxy values’ to estimate the social value of targets achieved include:

- Apprenticeships £224/week
- FTE job for long term unemployed £20.5K/year
- FTE job for rehabilitating offender £24.5K/year
- FTE job for NEET £14.8k/year
- Volunteer hours £16.07 / hr
- Savings of CO2e emissions £244.63 per tonne – recently raised from £70.43/tonne¹⁶

It would be unfair to omit the observation that using financial measurements only, to determine whether a country or area is better off, is famously misleading, even though the TOMs proxies themselves fill in where the market may fail adequately to value certain benefits. Bobby Kennedy’s oft-quoted words about GDP bear eloquent witness to this.

¹⁶ <https://socialvalueportal.com/resources/tool/measurement-implementation/download-the-national-toms-2022-calculator>

“Gross National Product counts air pollution, and cigarette advertising and...the destruction of the redwood and the loss of our natural wonder in chaotic sprawl. It does not allow for the health of our children, the quality of their education or the joy of their play...the beauty of our poetry or the strength of our marriages. It measures everything, in short, except that which makes life worthwhile.”¹⁷

Financial valuation of social impacts, as with valuation of ‘natural capital’ and cost benefit analysis in general, is one approach to adjusting for this. Such measures are vital despite the fact that they are incomplete, when what is not measured is often not counted. How much does this incompleteness matter?

We might ask, whether a financial measure would ever be sufficient to reflect the value reflected by participants in the Turning Tides project mentioned above. In the same vein, Rob Hopkins notes of the ‘Art Angel’ project in London *‘One of the biggest challenges [it] faces ... is how to thrive in a world that wants to quantitatively assess and evaluate everything, what the author Rebecca Solnit calls ‘systems of accounting that can’t count what matters’.* Hopkins quotes participants’ accounts of personal transformation: *‘I found my way back to life here’¹⁸.*

Qualitative reporting on social value offers and the impact achieved by providers will therefore remain essential, even in the presence of increasingly sophisticated quantitative and financial measures. The following paragraphs describe methods to (somewhat) systematise these qualitative accounts.

4.2 ‘Quality questions’

To some degree, an assessment of social value offers can be achieved by questions asked of potential providers. For all projects and bids, some local authorities stipulate pre-contract questions, such as ‘Do suppliers pay Living Wage Foundation wage?’ ‘Do they provide training and apprenticeships?’ ‘Do they seek sustainable suppliers for their own inputs?’ etc. In other cases the ‘quality questions’ are asked at the stage of analysing and evaluating bids. There is an obvious advantage, however, in ensuring that potential suppliers know the kinds of social value that institutions are looking for. When Manchester City Council introduced a minimum weighting for sustainability within tender of 10%, and in 2016 enlarged this to a 20% weighting for social value, they heavily promoted ‘Our Manchester’ priorities through their publicity, tender documents and ‘meet the buyer’ events, resulting in at least some suppliers changing their own operations.¹⁹

¹⁷ <https://www.theguardian.com/news/datablog/2012/may/24/robert-kennedy-gdp>

¹⁸ Rob Hopkins *‘From What Is to What If: Unleashing the power of imagination to create the future we want’*, Chelsea Green 2019 p 49

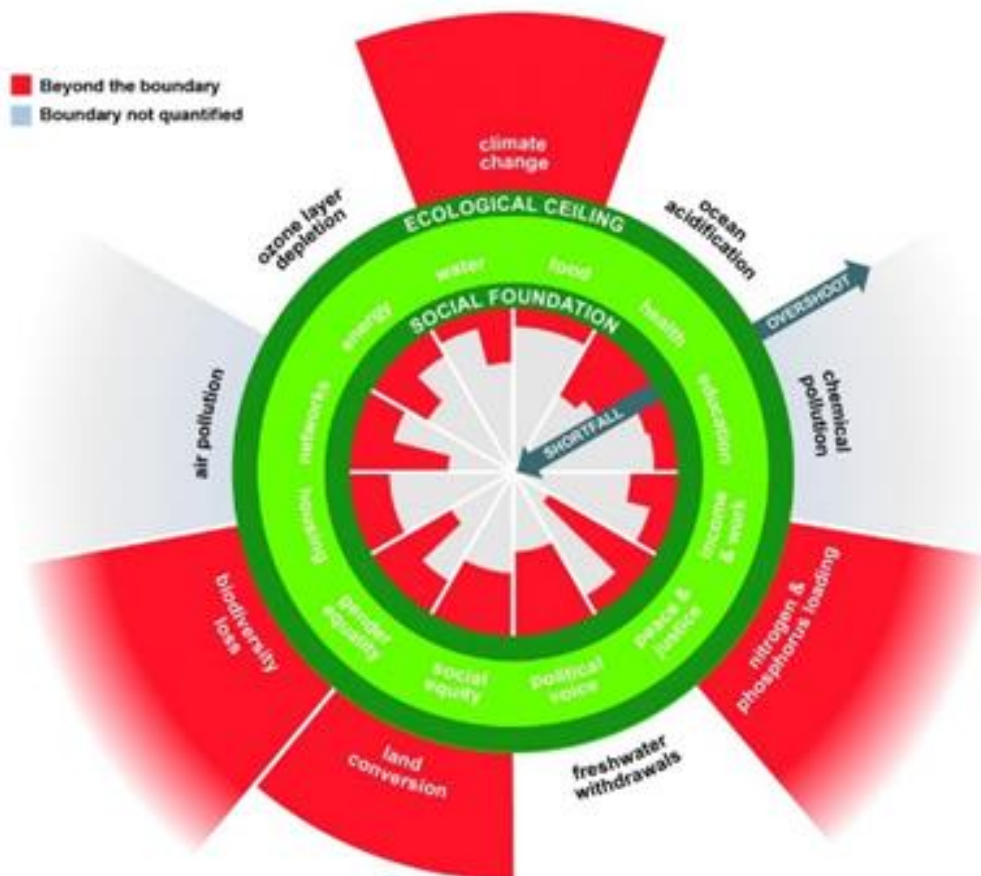
¹⁹ *‘The Power of Procurement II: The policy and practice of Manchester City Council - 10 years on’* Centre for Local Economic Strategies (CLES) 2017 p 15 & 25.. There’s more information on Greater Manchester’s Social Value Framework 2022 at <https://www.greatermanchester-ca.gov.uk/what-we-do/economy/social-value-can-make-greater-manchester-a-better-place/>. ‘Achieving positive change through social value should be part of all ‘business’, so we have broadened the scope of our ground-breaking 2014 GM Social Value Policy to create a Framework that can be used across all sectors to guide actions and maximise impact for Greater Manchester and its citizens’

In the same way, Plymouth City Council's 'Resurgam Charter' invites local enterprises to sign up to a series of social value commitments, a corporate statement which recommends them to customers and as potential public sector suppliers.

4.3 Doughnut decision tool

Kate Raworth, in 'Doughnut Economics'²⁰ has adapted Rockstrom's 9 planetary boundaries diagram²¹ – an indicator of how far the world is within or is overstepping crucial aspects of earth's carrying capacity – into a diagram representing the safe and just space for humanity by the addition of measures of the social foundation needed for basic human wellbeing. Deficiencies in income, food, shelter, safety, voice etc are measured inwards from the doughnut inner boundary. Where the social foundation is adequate, and planetary boundaries not exceeded - depicted as inside the doughnut - humanity is in a safe and just situation. In Fig 4 we find an illustrative example for the world based on Rockstrom's 2009 article. Note that the degree of overstepping on some boundaries (eg climate, ocean acidification) will be further advanced today than it was in 2009.

Fig 4: A safe and just space for humanity



Sources: Rockström, J., Steffen, W., Noone, K. et al. A safe operating space for humanity. *Nature* 461, 472–475 (2009). Kate Raworth *Doughnut Economics: Seven ways to think like a 21st Century economist*, Penguin 2018.

²⁰ <https://www.kateraworth.com/doughnut/>

²¹ <https://www.nature.com/articles/461472a>

Subsequently the doughnut model has been adapted to display the extent to which a single country or city has achieved this safe and just situation. The model shows, if the entire world lived at the same level of resource use as the country (or city) under consideration, whether and how far planetary boundaries would be exceeded. The inner circle, using local measures for social well-being, indicates any shortfall from an adequate social foundation.

Amsterdam undertook an assessment like this in 2020, which gave rise to great public interest and participation.²² The doughnut diagram has been used by Cornwall Council as a conceptual decision tool. Figure 5 shows the outcome of a doughnut tool analysis of a programme to construct a walking trail along the Cornish coast, indicating positive impacts from encouraging walking as a leisure activity, reducing carbon emissions and improving health, and some moderate negative impacts such as risks to biodiversity.

Figure 5: Doughnut decision tool analysis for Saints Trail construction



Source: <https://www.cornwall.gov.uk/media/43hpmphv/decision-making-wheel-flier.pdf>

²² <https://www.kateraworth.com/2020/04/08/amsterdam-city-doughnut/> and <https://doughnuteconomics.org/stories/1>

4.4 Savings on public services

We turn now to a readily financialised aspect of social value. The impact of public spending - for example on preventive health and social services - may include notable savings in the costs of other services. For many social problems 'upstream' or preventive interventions are cheaper and more effective than 'downstream' remedial measures through health care, social services or the criminal justice system.

Poverty, for example, places a heavy toll on the public purse. Drawing on research by Douglas Hirsch²³ using data from 2013, Paul White writes of

the social and economic cost of Devon's 37,483 children living in a state of poverty. Critically we come to understand that this exceeds £400m per year and represents an average annual cost to each Devon household of more than £1,000.²⁴

The Plymouth integration of the Health and Social Care team led to a number of savings as a result of restructured services. Introduction of an alcohol outreach team, for example, paid for itself in 5 months. It achieved a 46% decline in hospital admissions and, with more clients remaining in their own homes, a marked decline in the budget on B&B accommodation²⁵. Improvements in health and well-being will have been achieved in addition to these purely financial savings.

The latter example illustrates that social problems sometimes require a multi-sectoral approach. The structure of funding support or the contracting of services by local authorities often does not encourage this, but assumes provision of separate services in isolation from one another. Plymouth City Council's pooling of the health and social care budgets and co-location of their staff allowed a more successful planning of services overall.

In 2016 the Joseph Rowntree Foundation assessed the overall costs of poverty to the public budget as follows.²⁶ Figures for Devon, formidable in themselves, have been derived by Paul White.²⁷

Poverty's cost impacts across public service delivery are assessed as:

- 42% in healthcare costs (£29 billion for the UK – this translating to £168 million for Devon),
- 11% in children's services (UK £7.5 billion – for Devon £44 million),
- 7% on adult social care (UK £4.6 billion – Devon £28 million),
- 14% in education (UK £10 billion – Devon £56 million),
- 13% police and criminal justice (UK £9 billion – Devon £52 million),
- 6% housing (UK £4 billion – Devon £24 million),
- 7% across other departments (Public Health, Higher Education, Fire.)

The study calls for specialised resources to come together in a collaborative response, for a positive turnaround state to be achieved and maintained in the long-term..

²³ <https://cpag.org.uk/policy-and-campaigns/report/estimate-cost-child-poverty-201>

²⁴ <https://www.newprosperitydevon.org/post/the-imperative-of-social-return-on-investment-measure>

²⁵ Gerry Wallace, Presentation to 'Community Wealth Building: Transforming people and places – the evolving role of procurement and commissioning' E3M/HotSW LEP, 27th February 2020, Taunton

²⁶ Joseph Rowntree Foundation 'Counting the Cost of UK Poverty' <https://www.jrf.org.uk/report/counting-cost-uk-poverty>

²⁷ <https://www.newprosperitydevon.org/post/the-imperative-of-social-return-on-investment-measure>

Given the need for early intervention as both the least costly and most effective approach to many social problems, it is not surprising that the austerity driven cuts which local authorities have had to make in early intervention children's services, has led to record numbers of children needing to be taken into care. Services, including children's centres, youth clubs and targeted support with issues such as drug and alcohol misuse, were cut by English local authorities by an average 50% in the decade 2010/11 to 2020/21 with poorest areas worst hit. Spending soared by more than a third to £8.2bn with 24% more children in care.²⁸

Mark Russell, Chief Executive at the Children's Society, said: 'Young people have told us they felt they needed to get hurt or harm someone in order be taken seriously'.

In current circumstances, rising costs threaten the existence of many social economy organisations providing services for groups such as youth, elderly, and people with specific health or social needs. This will further increase the pressure on statutory health and social services and police, with potentially disruptive impacts on social cohesion, trust, and stability.

5. Maximising social value from public sector spending

Already an ambition expressed within the Devon Districts Procurement Strategy 2019-2022 is

- *“Enabling voluntary, community and social enterprise (VCSE) engagement - VCSE organisations can play a critical and integral role in health and social care, including as providers of services; advocates; and representing the voice of service users, patients and carers.”²⁹*

5.1 Baseline data

A spend analysis, carried out for the 2018 Devon Districts Procurement Strategy, revealed that in the financial year 2018-19 the District authorities spent over £131 million a year buying goods, works and services (recurrent spending). The proportion of Devon Districts spending within District's geographic boundary varied greatly, between 2% and 37%. Obviously this depended upon the population of businesses within the district, but forms a useful baseline³⁰.

²⁸ <https://www.local.gov.uk/about/campaigns/bright-futures/bright-futures-childrens-services/childrens-services-funding-facts>

²⁹ <https://www.teignbridge.gov.uk/council-and-democracy/council-information/devon-districts-procurement-strategy-2019-2022/background/>

³⁰ Devon Districts Procurement Strategy 2019-2022 <https://www.teignbridge.gov.uk/council-and-democracy/council-information/devon-districts-procurement-strategy-2019-2022/spend-analysis/>

Table 1: Spend Analysis for Devon Districts

Authority	Total Spend per annum	Local Spend (within district) per annum	Percentage of local spend
Exeter City Council	£45m	£12m	26%
Mid Devon District Council	£21.6m	£2.9m	14%
North Devon Council	£11.1m	£4.1m	37%
South Hams District Council	£14.4m	£3.8m	26%
Teignbridge District Council	£21.4m	£2.4m	11%
Torridge District Council	£10.77m	£4.25m	39%
West Devon Borough Council	£7.2m	£240k	2%

Unfortunately, no data was available for the additional proportion which was spent within the geographical boundaries of the County of Devon, which for some purposes might be a second relevant indicator for benefit to the local economy. By 2019/20 Teignbridge had reached approximately 15% within the district and 50% within Devon³¹, and this is expected to have improved again in 2021/2.

³¹ Rosanna Wilson 'Procurement within rural districts' presentation to 'Procuring for Prosperity' NPD workshop for SSE/CRF 'Support Social Enterprise' programme https://www.youtube.com/watch?v=2erqw_UqhAg

5.2 Social Value through procurement in Devon

Over a number of years, local authorities in Devon have taken a variety of steps to increase the social value flowing from their spending.

Devon County Council mandates consideration of ‘relevant and proportionate’ social value in its contract procurement and spending (£1.3 bn), using a schedule of themes reflecting those in the national TOMs and a number of others such as crime prevention. Its Procurement Strategy 2021-26 adopts measures to enable SME/VCSE engagement, with elements of VCSE and community involvement in design of services.³² Some specific changes include

- Contracts have been broken down into smaller lots where possible to enable SMEs to bid.
- The A382 works were planned to include an apprenticeship and opportunities for work experience and education..

Improving rural broadband services led to social value in a range of areas such as access to health-related connections, digital inclusion, and support for vulnerable individuals. The Southern Construction Framework helps public sector construction clients to meet and exceed the provisions of the Social Value Act.³³

In Plymouth the City Council’s ‘Resurgam’ programme for recovery from Covid-19 added measures to boost the local economy in addition to immediate help for businesses. It enabled businesses to sign up to the ‘Resurgam Charter’ to indicate their commitments to provide particular kinds of social value.³⁴ Plymouth has also applied the ‘Spend4Plymouth’ initiative, which succeeded in increasing the proportion of spending in the PL postcode (a county-size area which includes Tavistock, Boscastle, Padstow and St Austell) by 10% in the last two years to about 54% of total procurement spend. It has involved compiling a new Plymouth Supplier Directory, and invites suppliers themselves to purchase locally where possible.³⁵

The Devon Districts Procurement Strategy 2019-2022[23] commits to “maximise opportunities for local Small, Medium Enterprises (SME’s), voluntary and community sector organisations and social enterprises to become our suppliers” for its spend of £131 mn annually; to include social value in all tenders with minimum weighting of 5%, and to adopt national TOMs values for all social value measurement.

In order to make the procurement process easier for enterprises, larger contracts often need to be broken down into lots to enable SMEs to bid. Both Plymouth City Council and Teign Procurement (which serves the districts of Teignbridge, West Devon and South Hams) have set up portals to enable local enterprises to register more easily as suppliers and to receive invitations to bid.

Teignbridge, as we have noted, has also taken specific measures and succeeded in increasing its local spend. The new database for suppliers is used for contracts under £10,000 to search for informal written quotations, though this process doesn’t capture small organisations which don’t have Search Engine Optimisation (SEO). For contract size up to £100,000, Teignbridge uses ‘Supply Devon’, a new platform for suppliers within County.

³² <https://www.devon.gov.uk/economy/document/procurement-strategy-2021-2026/>

³³ Justin Bennets, presentation to ‘Community Wealth Building in Practice’ workshop series NPD 2020-21

³⁴ <https://www.resurgam.uk/>

³⁵ Phil Symons, Head of Procurement Systems and Governance, Plymouth City Council, presentation to workshop ‘Purchasing for Prosperity’ 24 May 2022 online.

When a request for a quote is posted, the platform contacts organisations within the district, then after a week expands the request for a quote to the whole of Devon. For larger contract sizes the tender is open.

'Supply Change' is also a platform available nationally, to match institutional purchasers with social enterprises and other businesses committed to providing social value. The Supply Change platform is particularly helpful for contracts involving construction, with a wide range of vetted suppliers.³⁶

5.3 Social Value through Commissioning

Clearly the search to achieve greater social value with limited spending is enhanced when it is not left to the tender stage, but when the design and commissioning of services is carried out with social value in mind. Torbay Council's commitment to Community Wealth Building has encouraged and enabled such a policy. In this they have worked with Torbay Community Development Trust to consider how community needs can best be met, drawing on the resources of the community as far as possible as well as statutory services.

The Torbay 'Ageing Well' project illustrates the benefits of collaborative commissioning. With the encouragement of the National Lottery funders and the offer of 6 years of funding through the Lottery's 'Ageing Better' programme, the Torbay Community Development Trust allied with Age UK and 16 other local organisations to adopt a 'test and learn' approach. Beginning in 2014 they trialled a number of co-designed methods to reduce social isolation and tackle numerous problems affecting the ageing population, from poverty and debt to health, wellbeing and mobility issues.

Among the approaches which were in due course rolled out were the training of peer champions to inform their neighbours and others about benefits and services which they could access. The peer champions proved to be extremely successful at reaching those who were in need and who had not been previously in contact with either statutory or voluntary agencies for help.

A helpline with trained and paid triage workers was set up to connect enquirers with support and assistance available in their communities, and only if this was inadequate, to paid charity workers or statutory services. The helpline proved so successful by 2018 that at the beginning of the pandemic TDCT was approached by the Council to collaborate on Covid support. The public trust, and the database which had been built up, were both seen as invaluable assets. The helpline was adopted by Torbay Adult Social Care as the vehicle for meeting the needs of the people isolating during lockdown, covering part of the helpline costs to marry the resources of the community and voluntary sector with the needs of vulnerable people across all ages.

The role of the Torbay CDT as a convenor of partnerships was crucial to this successful development and a number of other collaborative projects. In some areas of Devon, different organisations act as catalysts for partnerships, while in others such bodies may be needed to achieve the collaboration for successful, funded programmes.

Paul White writes

'We need cooperative...arrangements in which multiple organisations and skills mixes can come together to address the collective issues of place, recognising cause and effect. Funding needs to recognise the need for these cooperatives to have a central coordinating / administration funding, that could either be hosted by a single organisation , or better, be a

³⁶ <https://www.supplychange.co.uk/>

*new community member led group that can ensure their needs are properly understood so that services from providers can become joined up in response to those needs.*³⁷

5.4 Resilience and social value – a wider approach to social value

The impact on global food and energy supplies of the war in Ukraine, as well as the pandemic and growing climate risks, enhances the perceived importance of local resilience. Supporting the local economy in itself adds value in risk minimisation through shorter supply chains and the ability to deal with emergencies, a change in motivation from the early days when community wealth building approaches were aimed principally at increasing local incomes and employment.

Reducing reliance on fossil fuels serves a double purpose of mitigating climate change and reducing dependence on expensive imports to the region. When the States of Jersey set up a 50% state owned social enterprise to run its bus transport system, with effective consultation the company was able to increase journeys by 38% in 5 years to 2019, while petroleum imports declined.

Minimising use of the products of overseas mining, deforestation (important in animal feed), and industrial fishing are obvious areas in which to seek more sustainable, and possibly local alternatives. Maintaining ocean health through cleaner rivers and protecting marine conservation areas more effectively than at present would also have benefits for marine food sources and long run resilience.

These considerations are not currently reflected in conventional toolkits and portals for social value, and require an additional value to be placed on actions which favour an integrated local economy, healthy ecosystems, and reduction of gaps in local supply chains.

5.5 Issues for enterprises

Discussions within the workshops suggested how growth could be achieved in the value provided by the social economy as part of public sector operations. They also threw up mention of specific obstacles, both for enterprises and for public sector bodies. For enterprises some key issues were:

i) Finance:

For small and growing businesses, obtaining finance for growth and innovation has always been difficult given a banking system which prefers asset-based lending and which has evolved away from the discretionary model where a bank manager could make loans on the basis of what they judged to be sound business plans. This aversion to risk sharing is in contrast to local and regional banking institutions in Europe and the USA which are more geared to lending for local business development and provide what is sometimes known as 'patient capital'.

Tony Greenham, founding director of the South West Mutual Bank, writes

The UK banking sector is very unusual.

Most of our industrial competitors have a mixed and diverse banking system where smaller scale regional banks co-exist with national and global giants. Whether commercial, co-operative, or public, these local banking institutions tend to be the ones that excel in SME lending. They also support regional prosperity by directing

³⁷ Feedback on NPD workshop 'Meet the Social Economy'

*more local savings back into local economies, and they provide more support during economic downturns. Finally, they also tend to do more to ensure that all citizens are included in access to fair and affordable banking products, including a bank account.*³⁸

Local finance was crucial to the launch at scale of the Cleveland Ohio Evergreen co-operatives, and to the growth of the Mondragon businesses. The UK has no such structure of regional or local banks, and no dedicated financial institutions for the social economy.

Describing the arrangements in the Mondragon bank, Caja Laboral Credit Union³⁹, Oscar Kjelberg writes

*The institutions I envisage would work in much the same way as did the bank at the heart of the Mondragon cooperatives in the 1960s. There, if a group wanted to start their own business as a workers' co-operative, one of the group would join the bank staff, on normal pay, to work on the business plan with a 'godfather' — someone who specialised in helping new businesses start up. Then, when the godfather judged that the plan and the group were ready, he (they were all men in those days) put the project to the bank board and funding would be approved. The godfather then helped the new business establish itself, perhaps by advising on equipment and making sure the accounting system was running well. The money the group received from the bank was nominally a loan, so the business knew how much it was expected to pay its partner each year; but in reality the risk was shared and the bank's agent, the godfather, and the members of the group were equally committed to the project's success. No projects failed under this arrangement.*⁴⁰

The SEUK State of Social Enterprise 2021 in the South West' report confirms that social enterprises here were often unable to find the finance they were seeking. Social enterprises sought similar amounts of finance to those elsewhere but

*'they were far less successful in obtaining the amounts of money they sought indicating a significant issue with capacity to raise finance in the region, that may be related to availability of appropriate finance or skills and resource available..... There was certainly a perception among social enterprises' that there is insufficient finance available in the region'*⁴¹.

Hesitancy about being able to find appropriate finance was found to be among the factors which deterred many social enterprises in the South West from seeking finance at all. Plans for a system of UK regional banks were proposed initially by the RSA, which recognised these difficulties. For the South West region, the South West Mutual Bank, were it to acquire the necessary capital, would considerably improve the access of community-rooted businesses to investment finance for innovation and growth.⁴²

For sections of the social economy dependent on grant funding from public sector sources, there are particular causes of concern. Overall resources for local authorities have been cut by 50% or more in the last decade or so since the financial crisis, reducing the ability to support services provided by the social economy. In addition, during the Covid 19

³⁸ <https://www.thersa.org/blog/2018/10/reinventing-regional-banking> Further information at <https://neweconomics.org/2011/03/local-banking-system> and https://neweconomics.org/uploads/files/46fc770bd9488eeb31_q6m6ibhi5.pdf

³⁹ <https://www.mondragon-corporation.com/en/history/>

⁴⁰ <https://www.resilience.org/stories/2011-09-13/mondragon-bank-old-model-new-type-finance>

⁴¹ <https://www.socialenterprise.org.uk/app/uploads/2022/06/SEUK-State-of-Social-Enterprise-South-West.pdf>

⁴² <https://southwestmutual.co.uk/about-us>

pandemic, regular funding for many organisations providing health and wellbeing services was withdrawn in order to reallocate it to Covid support. Some of this funding has not been restored, leaving VCSE sector services on which particular groups rely reduced or at risk⁴³.

ii) Timing

The turnaround time on bidding for contracts can require a great deal of scarce staff time in a short period, albeit that the time boundaries on this process are usually clear. The renewal of contracts, however, is not always timely. An advice and support charity reported being left in uncertainty about renewal of a contract for services until after the start of the financial year in which a service was to be delivered.

'We hold a couple of Devon County Council contracts which run on an annual basis, and we never know whether they will be supported until maybe mid-April. These are small amounts of money. ...I know of another charity in the same position. You cannot expect a social enterprise to run on crumbs on an annual basis. You need 3 – 5 years to plan and deliver a service minimum.'

Co-ordinator

With an emergency, for example with Covid support, it is understandable that timing has on occasion been very challenging. A charity organiser told us *'At the moment we're throwing everything at it.. everything has to be spent within 6 weeks...'*

However, short spending deadlines may be at the expense of maximising the benefits from delivery. Extending the deadline for delivery after a programme is under way and funds disbursed is no substitute for an adequate planning horizon.

iii) Specificity of funding with multi-sectoral problems

A more general problem is that the specificity of funding streams can perpetuate siloed approaches. Many health and social problems which impact on wellbeing, are the result of complex causes, affected by a variety of public services in different sectors or departments.

Paul White, representative on VCSE Health and Wellbeing Forum, explained

*'Grant funds tend to come with quite a number of terms regarding the social issue or concern to be addressed and measures expected about how the funds [are] used. The terms are frequently very specific and subsequently inhibit opportunity for focus on place making and organisations coming together to cooperate in addressing collective issues of a community.'*⁴⁴

In relation to grants, evaluation is naturally made in terms of the performance measures set by the funders, but there would be advantages in greater encouragement for feedback both during and after completion of projects on opportunities to increase other kinds of impacts and broader lessons learned, or opportunities for funding practices to support a wider range of outcomes.

Presenters to our workshops differed on the advantages of being flexible enough to bid for grants and contracts which do not synchronise 100% with the organisation's core purpose. Some flexibility for taking on related projects was encouraged by speakers from successful social enterprises, but there were strong warnings about taking on projects that require

⁴³ Presentation to Devon Recovery Group from VCSE representative Paul White September 2021

⁴⁴ Personal communication

considerable adaptation for delivery, or that are too ambitious for the current size of the organisation.

iv) Competition vs collaboration

Participants also spoke of a reluctance for organisations to share information and resources with others delivering similar services, who are or might be competing for the same (limited) funding, seeking to maintain some unique knowledge, capacity or advantage over others to maximise their chances. The stakes may be highest for charities and voluntary sector organisations trying to maintain service delivery where they are not trading and generating incomes from other sources.

Counter to this, successful social enterprises strongly recommended collaboration for bidding and delivery of more ambitious projects. The success of Torbay Community Development Trust in forming partnerships helped them to obtain funds, and the prospect of funding helped form the partnerships. The Green Economy Steering group in Northern Devon, prompted by the successful community energy company 361 Energy, also seeks to enable the formation of teams appropriate for different funding streams.⁴⁵

Those disbursing funds for provision of services to communities might also consider how to incentivise collaborative programmes to meet more than one set of needs through the design of the funding as well as through generally encouraging partnerships. The Exeter Homeless Partnership for homeless people with complex needs, coordinated by Co-Lab Exeter, is a good example of such collaborative work.⁴⁶

5.6 Issues for institutions

Pursuing social value has particular difficulties for smaller local authorities. The Local Government Association's 'Social Value Toolkit for District Councils', a pithy but comprehensive guide to including social value in procurements, emphasises the importance of incorporating social value in an open and transparent way. Procuring authorities should state how they will measure and weight social value contributions, so that bidders can include their social value offers on a level playing field.

The Toolkit also recognises that

"Research by the Local Government Association (LGA) has highlighted that District Councils are finding it difficult to implement Social Value. There are many reasons for this; they don't tend to commission, they have relatively small contract sizes, they procure a low number of contracts, and most districts placing large contracts will do so through national framework agreements."⁴⁷

Nevertheless, as noted above, district authorities and even some Town Councils in Devon have been providing examples of good practice.

i. Procurement processes

⁴⁵ 'Value for Devon: Meet the Social Economy' workshop

<https://www.youtube.com/watch?v=DBg6x2V1Br8&t=2726s>

⁴⁶ <https://www.colabexeter.org.uk/ehp>

⁴⁷

<https://www.local.gov.uk/sites/default/files/documents/District%20Councils%20Social%20Value%20Toolkit%20Final.pdf>

Making the procurement process as easy and understandable as possible is still a challenge, since even what may be regarded as essential information can prove onerous to sole proprietors and small businesses. In Section 5 above, we have seen how Devon County Council, Plymouth CC and Teign Procurement have simplified their processes for smaller contracts and encouragement is given in the Devon Procurement Strategy for such measures. 'Meet the buyer' events are also held by many authorities to engage with potential suppliers.

ii. **Balancing environmental issues and 'people' social value**

Each institution has to decide on its method for achieving social value with its procurement; this includes the weighting given to social value in evaluation of bids for tenders, and the kinds of social value which are being sought. It may also include how to make social value of different kinds commensurable to arrive at decisions.

Devon districts' decisions to use the values set out in the government's 'TOMs' allows this to happen. But the TOMs don't include all kinds of social (including environmental) value; for example clean air, clean water, reduction of flood risk and soil fertility do not carry proxy values within the TOMs. The Dasgupta Review recommended more explicit financial accounting for 'natural capital' including biodiversity, complex as this may be. It seems more likely that a use of processes such as the Doughnut Decision tool would include consideration of these aspects, if all the relevant data is not easily available. In any case, qualitative measures and pre-questions to suppliers are still likely to provide some of the basis for decisions

Rosanna Wilson, for Teign Procurement, said

*'In summary, public sector procurement requires compliance, openness, transparency, and non-discrimination. At the council we've got three objectives: the local spend, improving social value, and sustainability. Work's already been done on improving the local spend, and now it's time to focus on social value and sustainability. We will need to work with climate change officers and other departments in order to reach our objectives..... sustainability and social value, a balancing act with document on the tightrope.'*⁴⁸.



iii) **Filling the gaps**

Gaps in local supply chains mean that for some goods or services local procurement, with the best will in the world, is currently impossible, e.g. an absence of local Payroll Providers was noted in one workshop. Such gaps represent business opportunities which, with support, could be filled by new entrants to the social economy.

Close communication between the economic development departments of local government with procurement personnel could help to identify these business opportunities. Funding, advice and good business planning form part of the range of start up support provided by agencies such as the Heart of the South West Growth Hub, and these also need to be involved in strategic planning to fill some of the gaps.

It is worth noting that local authorities are handicapped from aligning planning policy (framed by planning law) with the preferred weighting of social value being pursued through

⁴⁸'Procuring for Prosperity' NPD workshop May 24th 2022 online, see New Prosperity Devon Youtube channel

spending. The kinds of social value privileged in national planning regulations (such as landscape values, 'five year land supply) do not correspond with the requirements imposed on councils to help implement other central policies such as reducing carbon emissions, preserving nature and enabling access to green spaces.⁴⁹

v) Collaborative and cross-departmental commissioning

Including social value considerations in procurement *can* be left merely to the tender stage, and perhaps institutions incline towards such an approach it can be incorporated without significant alteration in spending processes. However, to do so would miss the opportunity to make much greater gains for the public by including this concern at all stages of the cycle, from the design of the service or good (commissioning) through to tender, award and monitoring. This often presents a challenge.

Early consultation of goal-aligned providers, as social economy organisations often are, can help to achieve maximum social value provision and to achieve common goals with public finance, as for example in the Torbay Community Development Trust contribution to the Covid-19 response programme described above. Engaging relevant organisations in service design, can go some way towards avoiding the need for competitive approaches to bidding, enabling greater sharing of information and collaboration among providers.

We have also described how cross-departmental commissioning in Plymouth's Health and Social Care services has brought gains both in financial terms and in social value.

6. Food, Health and Housing: sectoral supply chains in the social economy

Local supply chains which would benefit many institutions may require sector-specific measures to promote their development. In this section we discuss three key areas, food and farming, health and wellbeing, and housing. Other sectors which might also benefit from analysis leading to particular sectoral development measures include services such as recycling and waste disposal, technical support services and land management.

6.1 Health and Wellbeing

A very large number of social enterprises, charities and community organisations are active in this sector. There are well established social enterprise providers such as 'Chime CIC', which provides audiology services for the NHS across 15 locations in Exeter, East and Mid Devon. Chime was a spinoff from the NHS in 2011 and has developed a reputation for excellent services, employs 70 people, and returns all profits into delivering more and better services⁵⁰.

There are also charities providing services for particular client groups such as Age UK, and community groups and charities for a wide range of individual situations and health conditions, many of which receive grants or funding under contract for local authorities. Charities like Sunrise Diversity (working in North Devon against discrimination, violence and domestic abuse through advocacy, education and social opportunities) and

⁴⁹ See, for example, Exeter campaigns to try to preserve green space on the northern skyline from development <https://www.facebook.com/Exeter-Greenspace-Group-EGG-106280048312252>

⁵⁰ <https://www.chimehealth.co.uk/>

Family Compass (helping children and families with positive mental health before crisis point is reached) are funded by Devon County Council as well as by other charitable grants.

While these organisations excel in local knowledge, access to expertise in the community and the contribution of thousands of volunteer hours, one of the chief characteristics of this sector is fragmentation, and many small organisations lack resources to register or bid as providers, or even to advocate for their services without dedicated fora in which to do so. Project-based funding takes a heavy toll on staff time and makes longer term service planning challenging. It is to be hoped that some of this will be remedied by the new VCSE Assembly for Devon, Plymouth and Torbay, to be funded by the Integrated Care System. Hopes for the new Assembly are explained by Plymouth Octopus Project, an organisation involved in building a strong grassroots social economy.

‘The VCSE Assembly will create a pool of people and organisations that can be tapped into to inform and influence strategic partnership discussions, co-design of services, policy development, co-commissioning and joint leadership and decision making. It will also provide a place where anyone can find out what is happening across partnerships through an open and transparent process.’⁵¹

6.2 Food

Increasing the proportion of local food in Devon has been the subject of many discussions of food strategy, including the recently formed Devon Food Partnership.⁵² It is clear that to develop a prosperous, diverse and sustainable local food economy, changes need to involve consumers as well as producers and purchasers.

The paradigm for UK food policy is large scale production, aligned with the methods of large buyers such as supermarkets and global food commodity traders and processing companies. The outcomes for farmers in UK include a reduction over recent decades of the proportion of the final price received by growers (7p in the £ for some commodities), rising input costs, particularly of chemical fertilisers, pesticides and herbicides and animal feedstock, and maintenance of high carbon emissions from the sector along with losses of biodiversity, of capacity to absorb rainfall without rapid runoff, and of soil fertility through harm to organic soil structure, compaction and monoculture.

A review of global trends in biodiversity notes that 40% insects worldwide are in decline and a third are endangered. Many insects are vital to human and animal food systems for pollination and recycling nutrients. The authors write

“Unless we change our ways of producing food, insects as a whole will go down the path of extinction in a few decades,” they write. “The repercussions this will have for the planet’s ecosystems are catastrophic to say the least.”⁵³

For all these reasons, and to reduce flood risk, improve soil fertility and increase resilience, the Devon Carbon Plan recommends greater diversity and more regenerative practices in agriculture. These include agroforestry, silviculture, permaculture and organic farming and no till methods. Less intensive livestock rearing methods are also being used increasingly with environmental benefit on small farms to cut input costs. Small horticultural holdings close to main settlements also tend to substitute labour for chemical inputs and ensure

⁵¹ <https://www.plymouthoctopus.org/a-new-vcse-assembly-for-devon-plymouth-and-torbay/>

⁵² <https://www.devonfoodpartnership.org.uk/webinar/>

⁵³ <https://www.sciencedirect.com/science/article/abs/pii/S0006320718313636> quoted in <https://www.theguardian.com/environment/2019/feb/10/plummeting-insect-numbers-threaten-collapse-of-nature>

diversity of food crops.⁵⁴ Such holdings are fostered by the Ecological Land Co-op, a social enterprise which supports starter smallholders in Devon and elsewhere with serviced land holdings and planning⁵⁵.

Social enterprises, small farms and community producers in the food sector are often unable to meet the scale needed to supply institutions, even though marketing is a key issue for them, consuming time and resources.

A successful experiment in creating a local food supply chain with some sustainable credentials was mounted by the Somerset Larder⁵⁶, initially to supply food for the construction workers at the Hinkley C site in North Somerset, and subsequently to supply institutions throughout the county. Institutions in Devon may be helped to access local food through the South West Food Hub, an online dynamic procurement portal for local food, which has SMEs and co-ops among its suppliers.⁵⁷

However local food co-ops and sustainable producers may still be at a small scale which requires intermediate institutions, such as food collection and processing hubs or which need the premium prices of direct sales to customers to survive. Food Exeter, a charity, works on relieving the food crisis through redistributing surplus produce from growers and supermarkets to institutions and food banks but includes in its aims promoting long term supply of affordable sustainably produced food.⁵⁸ Like Food Plymouth, it seeks to initiate intermediate physical food hubs. Food Plymouth has also worked with local sustainable producers to deliver free bags of vegetables to housing association tenants in the city.⁵⁹ These producers include the well-established Riverford food enterprise, now also a co-op, providing a marketing outlet for dozens of local small scale organic producers as well as its own organic farm⁶⁰).

Creating better links between customers and growers, Harvest Co-op brings together several small sustainable and organic producers of meat, dairy and fruit and vegetables in West Devon, with a shop in Okehampton and a delivered box scheme.⁶¹

On a larger scale, Tamar Grow Local supports a number of community growing projects and co-ops with food processing and marketing functions, allowing them to sell through a box scheme into Plymouth and other communities in the Tamar Valley.⁶² This set of nested food co-ops may indicate a more hopeful path to the consumption of more, and more diverse local healthy food than can be achieved through the public sector alone.

Further initiatives have been suggested which might support such a diverse local food economy, which would require public sector participation, for example, a campaign to enable food vouchers handed out to low income families to support local growers. More broadly the prosperity of the UK farming sector as well as that section within the social economy depends upon the trade deals the government makes, and what happens to imports, food prices, and food standards as a result. The positions of the NFU and the Landworkers' Alliance (which represents small, regenerative and traditional family farms), though they

⁵⁴ https://www.devonclimateemergency.org.uk/interimcarbonplan/?cat_id=2442&subsection=11_1

⁵⁵ <https://ecologicaland.coop/>

⁵⁶ <https://somerseklarder.co.uk/what-we-do/>

⁵⁷ <https://www.thesouthwestfoodhub.co.uk/>

⁵⁸ <https://foodexeter.org.uk/>

⁵⁹ <https://foodplymouth.org/>

⁶⁰ <https://www.riverford.co.uk/>

⁶¹ <https://www.harvestworkerscoop.org.uk/site/>

⁶² <https://www.tamarvalleyfoodhubs.org.uk/>

differ on many matters, coincide in slating trade deals which undercut UK producers operating with UK's high food safety, environmental and welfare standards.

6.3 Housing



Housing Illustration by Tracy Worrall. Source:

<https://www.politicshome.com/thehouse/article/homes-under-the-hammer-inside-devons-housing-crisis>

6.3.1. Social Value in the built environment at the national level

The housing sector can play a critical role in both limiting global heating and helping build inclusive and truly liveable communities in a “race to zero” which also encourages just transition outcomes.⁶³ Mary Robinson (former President of Ireland, former UN High Commissioner for Human Rights and current Chair of The Elders) has highlighted how these two issues are linked: “As we pursue this new stage of bold action, we will succeed only if we recognise that the struggle to combat climate change is inextricably linked to tackling poverty, inequality and exclusion. If we keep that link foremost in our minds, our solutions will be more effective and more enduring”⁶⁴

Sustainable Development, as specified in England’s National Planning Policy Framework (NPPF) already states that development must contribute to interdependent social, environmental and economic issues. However, a transformative shift in built environment practices is needed to encourage truly sustainable outcomes for communities.

A 2019 survey found that public trust in local government (i.e. planning authorities) and developers to deliver community benefits in major development is extremely low (at 7% and 2% respectively⁶⁵) (see the UK Green Building Council(UKGBC)’s excellent infographic on how the construction sector can support just transitions⁶⁶).

⁶³ <https://www.ukgbc.org/ukgbc-work/social-value-programme/>

⁶⁴ Mary Robinson., 2018. Climate Justice: A manmade problem with a feminist solution:

<https://www.bloomsbury.com/uk/climate-justice-9781408888469/>

⁶⁵ Grosvenor (2019): Building Trust:<https://www.grosvenor.com/our-businesses/grosvenor-britain-ireland/supporting-community-success/building-trust>

⁶⁶ <https://ukgbc.s3.eu-west-2.amazonaws.com/wp-content/uploads/2021/01/05144254/Just-Transition.pdf>

Encouraging social value in the sector and following circular economy principles in construction procurement chains are key ways to ensure this. Social Value Portal has defined social value in the real estate sector as “the wider social contribution that a development creates for society through how it is constructed and managed including the economic returns to the local economy, the wellbeing of individuals and communities as well as the benefits to help regenerate the environment”⁶⁷.

The UKGBC has suggested that social value “is one of the hottest topics in the construction and property sector and provides a compelling concept for articulating the benefits felt from high quality, sustainable development”⁶⁸. Social Value Portal defines ‘spend with community groups and social enterprises’ as one of the key indicators of social value in the real estate sector, as well as many other highly relevant indicators relating to a regenerative and relocalised economy that supports community wealth-building. There is also potential for development to contribute to the ‘softer’ aspects of social benefits derived from planning, other than affordable housing, health, leisure and educational facilities – for instance, social cohesion or even happiness.

However, the planning process’s general lack of application to how to deliver social value and the fact that planning is not mentioned in the Social Value Act itself means that there is a significant policy and practice hiatus in this area (see also Burnett, 2022⁶⁹). Introducing any measure requiring a developer to contribute to social outcomes beyond what it would deem ‘acceptable’, through S106 agreements, can be challenged at appeal.

Social Value Portal therefore suggests measures that allow a Local Planning Authority to refer to and require fulfilment of wider community and social needs⁷⁰. These may include requiring developers to submit a Social Value Statement within their Validation Checklists for major developments, requesting a social value response within Environmental Impact Assessment (EIA) (see below).

The UKGBC recently launched its Whole Life Carbon Roadmap for a Net Zero Built Environment which aims to account for how much carbon can be reduced if circular economy principles were followed and the associated financial and non-financial value generated.⁷¹ Building on a 2018 guide ‘Social Value in New Development’, UKGBC also launched its Social Value Delivery Guide in 2022, which translates guidance for social value measurement, procurement, planning and most recently design, to support those working in the sector to deliver social value across the project lifecycle (including checklists and guidance notes)⁷². UKGBC also established a Social Value Task Group with industry stakeholders to define social value in the built environment and an associated forum to test ideas on measuring social value in practice⁷³. The Portal set up its own Social Value Planning Taskforce in 2020 to examine how to better integrate social value into planning.

The Social Value Planning Taskforce (Social Value Portal) has made the following recommendations:

⁶⁷ Embedding Social Value into Planning; Briefing Paper (August 2021, p.4

⁶⁸ <https://www.ukgbc.org/ukgbc-work/social-value-programme/>

⁶⁹ Burnett, A. (2022) Securing a regenerative and just planning system. Town and Country Planning. April/May 2022. Vol 91, issue 2, pp.123-8. Available from:

https://www.academia.edu/75820708/Securing_a_Regenerative_and_Just_Planning_System

⁷⁰ Social Value Portal (2021) Embedding Social Value into Planning. Briefing Paper. August 2021.

https://socialvalueportal.com/wp-content/uploads/2021/08/Embedding-Social-Value-into-Planning_Briefing-Paper_August-2021.pdf 2017, p.3

⁷¹ <https://www.ukgbc.org/ukgbc-work/net-zero-whole-life-roadmap-for-the-built-environment/>

⁷² <https://www.ukgbc.org/ukgbc-work/a-guide-for-delivering-social-value-on-built-environment-projects/>

⁷³ <https://www.ukgbc.org/ukgbc-work/social-value-task-group/>

- Councils should ensure that there is a direct and explicit link (i.e. a golden thread) between the Council's Social Value policies and the operation of the planning system as well as procurement.
- Councils should ensure that Social Value is referenced within local plan policies to ensure that the wider community and social aspects of a development can be considered. This should include a social value policy that is explicitly linked to new development, backed up by Supplementary Planning Documents (SPDs) and mandatory Social Value Statements for all major development.
- Developers should consider how they may expand their basic 'Planning and Sustainability Statements' on larger applications to set out their commitment to delivering Social Value including a jobs and local skills plan alongside practical support for wider community cohesion initiatives.
- Developers should submit a Social Value Framework that calculates the equivalent financial gain created by a development and that is designed to help the local planners and council members better understand its potential wider socio-economic benefits whilst negotiating better outcomes for local communities.
- Asset Owners should commit to support ongoing community engagement to identify changing needs and to continually improve the economic, social and environmental well-being of the community within which the development is to occur.

Social value in the Devon context might also be advanced by contributing to UKGBC's Social Value actor and resource map, or developing a complementary local alternative: <https://www.ukgbc.org/ukgbc-work/social-value-actor-and-resource-map/>

6.3.2 Housing and Social Value in Devon

We are in the curious situation in Devon where there is an overall shortage of housing, yet homelessness is not the result of housing shortage. Thousands of new homes are being built in estates across the South West, and yet this appears to make no impact either in reducing prices or on homelessness or housing waiting lists. The proliferation of second homes and holiday accommodation has left many people squeezed out of the housing market in their own communities - a trend common across much of the UK but even more noticeable in the South West given Devon and Cornwall's attraction as a holiday hotspot. People – and particularly younger adults and families – are forced to move away from communities where they have grown up or even where they work. In many rural areas domiciliary care is almost impossible to find and health services (where they remain) are short staffed because of the cost of housing.

There is an affordability crisis which existed pre-Covid, caused partly by the attractiveness of the South West for second homes and the profitability of holiday lets. Primary residences (owner-occupier or rented) have flipped to holiday homes. The prettiest villages and the coast are the worst hit, and become ghost settlements out of holiday season. The COVID-19 crisis brought a new influx of house buyers from the prosperous South East that drove up house prices and rents even in inland areas, attracted by being able to work from home outside of the commuter belt.⁷⁴

⁷⁴ Gallent 2022 <https://www.rtpi.org.uk/media/11914/tech-report-2-housing-market-analysis.pdf> In England, average house prices increased by 14% in 2021, while average earnings fell by nearly 1%. At the local level, housing affordability worsened in 300 out of 331 (91%) local authorities. The South West was the region with the highest annual house price growth, with average prices increasing by 14.1% in the year to April 2022. This was up from a growth rate of 10.5% in March 2022 (<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/april2022>) ONS Housing affordability in England and Wales: 2021 data illustrates that the difference in house prices compared to

The pandemic drove up property prices by 22 per cent between 2020-2021, according to the ONS, with 'no fault' or Section 21 eviction notices leaving some renters desperate and unable to find alternative accommodation in the area. The local residents' association in Croyde (population 650) discovered that 57 per cent of dwellings didn't have anyone living in them permanently and in some streets only one resident lived there during the quieter winter months. Smaller 1-2 bedroom homes, which suit entrants to the housing market, are rapidly becoming unavailable, leaving would-be first time buyers locked out of the market. The planning system, despite statements about affordable housing in Local Plans, is still failing to deliver adequate affordable housing for local people. Without local people in these communities, the very businesses that service tourists struggle to attract and retain staff - affecting the overall tourist offer of some areas and the delivery of basic services, such as hospital care or teachers.

A Facebook group, Hookway, set up for those struggling to find housing in North Devon gained 200 members in two days and now has over 2,000. The affordability gap is set to worsen with the cost of living crisis. Authorities are already seeing lengthening waiting lists, an increase in homelessness, and in unauthorised huts, containers and caravans in out of the way places. Contributors to the housing workshop in our programme bore witness to the desperation manifesting in this crisis. Following Bideford Town Council and other local authorities, in 2021, Devon County Council declared a 'housing crisis'.

Social enterprises – Housing Associations and Community Land Trusts – play a crucial role in meeting housing needs and any homes they provide are rapidly snapped up, many deriving revenue from the public purse where residents are in receipt of housing benefit. Their problems, in addition to the availability of investment finance, include the availability of sites, and in the case of rural CLT's, of personnel and skills.

Land with planning permission commands a high price and land with 'hope value' as next in line for permission within local plans is frequently owned or covered by option agreements with volume builders. Social enterprises can build affordable housing on exception sites but these are few and far between. In rural areas it is often only very locally based Community Land Trusts which can identify and secure possible 'exception sites' i.e. outside the boundary of permitted development but for which special planning approval can be gained for affordable developments with a local residency tie.

In one Devon village a need for 19 homes, affordable rent or (in 2 cases) shared ownership over the coming 5 years was identified in 2012 and again in 2014.⁷⁵ 8 homes have been provided by the village Community Land Trust, after 9 years and with expert support throughout. Extensive consultation led to the prize-winning design of a scheme which had overwhelming backing from the local community, and this is typical. Finance was obtained from the district council, the Housing Association partner, and the UK Community Led Housing Fund, which is currently closed.

earnings in local authorities are becoming larger over time. In 1997, the gap was 4.2% across Devon - since 2005 it has averaged 9%, with the biggest gap in West Devon at 12.0% in 2021 (<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2021>).

⁷⁵ Cheriton Bishop CLT Housing Need Survey 2014.



Affordable homes for rent at Higher Shippon, Cheriton Bishop.

The establishment of community housing schemes typically takes most of a decade and requires help with the technical aspects of projects, including governance, housing needs surveys, feasibility studies, main funding and liaison with planning authorities. Some of the early parts of the process also require finance.⁷⁶

Middlemarch Community Led Housing CIC⁷⁷ provides technical support to community housing projects in the 3 counties Devon, Dorset and Somerset. It currently supports around 60 Community-led Housing schemes with over 600 housing units planned, all in situations of established housing need and with community backing. Nationally there is a pipeline of some 60,000 homes country-wide in community schemes. Restoration of finance for community-led housing schemes would ensure delivery of these units.

See Appendix 2 for further links to the housing crisis in Devon and other resources on social value and the built environment.

7. Recommendations

7.1 Policy development

The Social Value Act of 2012 was a pathbreaking piece of legislation. Its provisions have been strengthened in 2020 mandating Government bodies to consider and account for social value in larger procurement contracts.

For many areas of Devon, however, including rural districts and despite obstacles, much more could be done to implement the Act. The consideration and inclusion of social value in procurement is discretionary for smaller contracts, and in the district level councils staff time

⁷⁶ Personal experience and communication with MiddleMarch Associates LLP

⁷⁷ <https://middlemarchclh.co.uk/about/>

as well as stringent finances can mean that social value is not systematically pursued. On the other hand, some local authorities, even at district level, offer leading examples of how to leverage increasing social value and ensure suppliers know how their offers will be evaluated; but the picture is uneven. The LGA's District Councils Social Value Toolkit is an excellent resource for District and other councils which seek to increase the social and environmental impact of their spending, although perhaps over reliant on the TOMs to the exclusion of other kinds of social and environmental value.⁷⁸

This potential would be increased were there to be greater alignment between the Social Value Act and Planning legislation. Proposed reforms of the National Planning Policy Framework could validate local authorities' pursuit of a wider range of social value considerations through their planning decisions, for example, allowing councils to integrate Net Zero targets into planning decisions and to reduce conflicts between councils and community groups over land use priorities.

In its original form the Act also included measures to support the social economy, as essentially complementary to the goal of maximising social value. The experience voiced and discussions from the Support Social Enterprise 'Supplying Devon Shared Prosperity' programme have led us to the following recommendations which would further this end.

1. Councillors and the leadership of public sector institutions need to communicate the benefits of pursuing social value to other members of the organisation, and to clearly stipulate the methods to do this. In some institutions, clear leadership has led to processes for taking social value into account which permeate the institution; in others this is only the beginning.
2. More resources need to be invested in personnel to assist district level authorities to review their procurement to more fully implement the National Procurement Strategy and the Devon Districts Procurement Strategy.
3. Dissemination of good practices can be further assisted by bodies such as Devon and Cornwall Procurement Partnership, the Local Enterprise Partnership and other networks. There is an evolving community of learning here. National valuations of social value contributions via the TOMs have been adopted by some authorities, but there is considerable variation in the types of social values sought and methods of qualitative as well as quantitative evaluation. Many types of social value, in the field of mental and physical health, wellbeing, environmental protection and biodiversity, do not have national proxy values and it would be hard to see how this could be provided. The latest guidance supplies a range of non-financial measures to assist with social value estimation alongside proxy values as well as updating some of the financial values. Authorities need to keep abreast of these if they are adopting the TOMs measures. The 2022 guidance, for example, makes a sharp increase in the price of carbon.⁷⁹ An additional toolkit which provides a guide to measuring a wider range of social value measurement tools or indicators might, if simple and practical, be of benefit to social enterprises and all SME's in providing evidence of their value offer to public sector buyers.
4. To achieve increased localisation and resilience, analysis should be carried out to identify which gaps in local supply chains have the potential to be filled by local enterprises; and policies put in place proactively to develop social economy enterprises to fill these gaps. Specific sectors where this could be achieved include the food sector, and, some councils say, IT services. Gaps can be found in immediate suppliers, or in the inputs, services or conditions those suppliers need.

⁷⁸ <https://www.yorhub.com/news/lga-district-councils-social-value-toolkit/>

⁷⁹ https://socialvalueportal.com/wp-content/uploads/2022/06/TOMs2022_Update_Guidance-FINAL.pdf

5. The shortage of affordable and social housing is a huge issue in rural Devon. This would be exacerbated further if the right to buy were extended to Housing Association property, since replacement housing units would be extremely difficult to achieve. The overall shortage affects availability of a number of services in rural areas. Care workers, especially domiciliary care, are particularly hard to recruit in areas where house prices have risen most and where workers cannot afford to live. This gap could be more fully plugged by making available national finance to unlock homes planned in Community Led Housing schemes such as Community Land Trusts as discussed in section 5. It would also be helped by progressing a diversity of types of Community Led housing solutions including co-housing, self-build, compact homes and One Planet Living development. Community Led Housing schemes, nearly all involving social economy organisations, can play a key part in meeting the crisis which is currently leading to an increase in homelessness and insecure accommodation.
6. The Devon District Procurement Strategy 2015-2022 could enlarge the existing ambition to increase engagement of the VCSE in the health and well-being sector to include increasing engagement with VCSE suppliers in all sectors.
7. The pipeline for community-rooted enterprises is often long and, in the absence of preparation for community business skills in general education, requires a great deal of hand-holding and support over governance and other matters. Business courses at secondary and tertiary levels should include specific material on community businesses and social enterprises. Education and preparation in the skills in managing social economy businesses is also needed in community settings, especially for marginalised and minority ethnic communities.
8. The full establishment of the South West Mutual Bank as a regional bank would benefit both the social economy and local economic development in general. The SW Mutual would be capable of recycling local savings to support local businesses, lending to social enterprises and other SMEs in support of sound business plans and taking social value into account.
9. There is a need for reconciliation of the priorities embodied in planning legislation with the social and environmental values supported through central government guidelines under the Public Services (Social Value) Act 2012 ('the Social Value Act')
10. Local fora for co-ordination among social economy enterprises have been useful and influential (eg the role played by Torbay Community Development Trust and that being developed by the VCSE Assembly for Devon, Plymouth and Torbay Integrated Care System), and where they exist, could be most useful as a pool of people and organisations that can be tapped into to inform and influence strategic partnership discussions, co-design of services, policy development, co-commissioning and joint leadership and decision making and a place where anyone can find out what is happening across partnerships through an open and transparent process.
11. Sustainable food supply chains benefit from dedicated intermediaries to amalgamate supplies from small sustainable producers and provide processing and marketing assistance.
12. In current circumstances there is a great risk that services and value provided by the social economy will be lost. Rising costs threaten social enterprises, as they do other businesses, but the consequences of their demise will involve particularly damaging losses of services and support to many vulnerable groups. Short term financial support is needed, as well as increasing the availability of longer-term investment finance for social economy enterprises as mentioned above.

7.2 Steps for Institutional Buyers

- 9 Institutions' procurement staff should be cognisant of the types of social value provided by social enterprises, co-ops, charities as providers and community organisations in the course of their normal trading activities. It may be useful in developing their approach to maximising social value, to register the number or proportion of social economy providers in their spending.
10. Simplified processes for registering as a provider and supplier engagement events increase the possibility for social economy organisations and other SMEs to bid for contracts.
11. There is a range of tools and measures to evaluate social value offers from social economy organisations and others. Institutions need to use appropriate measures and tools for their purposes. These may include the proportion of procurement by value spent within the local authority, and within the County. National TOMs, tools are available at <https://socialvalueportal.com/>. [What Impact](#) also includes a measurement tool for social value⁸⁰. Users should also be aware these tools may not cover all the areas of social (including environmental) value in which they wish to see gains. Other measures – such as the Doughnut Decision Tool used by Cornwall Council - may prompt consideration of a wide range of dimensions, even when full data is not available. Wider use could be made of match-up platforms such as the South West Food Hub, Supply Change, Supplying the South West, [What Impact](#), to discover suitable local social economy suppliers
12. Consultation and collaboration with relevant social economy organisations in the design and commissioning process for services can unlock creativity and local knowledge in the design of services which brings potential for greater social value in their delivery. It also enables a greater chance of fruitful collaboration, sharing information, expertise and capacity within the social economy to deliver services in place of competitive bidding for contracts.
13. Institutions may benefit from providing incentives to social economy organisations to collaborate and to focus their social value offerings on most needed areas (although social enterprises and community organisations are sometimes more agile than local authorities in discerning what these areas are and responding rapidly). There may be other incentives procurers could offer to achieve social and environmental value from private sector suppliers and other businesses Eg Council tax reliefs for landlords of energy efficient properties, or business rate relief for commercial premises.

7.3 Steps For Social Economy organisations

14. Networking is a vital aspect of gaining public sector contracts and often other finance. It is very much a loss leader, takes considerable time, but is often worthwhile. Campaigning for the services the social economy provides may be necessary, both with the public and with local authorities. This publicises both the need and the enterprise's potential role in meeting it. Becoming visible, as well as acquiring a reputation for excellent delivery, are important assets in gaining business and being able to deliver on the social or environmental goals of the organisation.
15. Social economy organisations should know how to measure and account for the social value they create . Some tools are available e.g. at <https://socialvalueportal.com/> (uses TOMs).

⁸⁰ <https://whatimpact.com/>

[What Impact](#) also includes a measurement tool for social value. Qualitative and quantitative measures are both needed to communicate achievements.

16. Discover which organisations are working in the same area and for similar goals. Collaboration when possible is appreciated by funders, and can harness the strengths of each organisation to enable delivery of larger projects. Introduce clear partnership agreements, specifying the roles of each organisation with a delivery plan.
17. There is a need for representative bodies in each locality to speak for social enterprises and community businesses in relation to local economy and enterprise and public goals. The VCSE Assembly related to the Integrated Care System of the NHS may be one such forum. Social Enterprise Networks (such Plymouth Social Enterprise Network (PSEN) or the Devon Rural Social Enterprise Network hosted by Devon Communities Together) require support; they can play a crucial role in serving members and speaking for the social economy sector in wider fora.

Steps for support organisations and academics

18. A toolkit for the measurement of social and environmental value, simple enough and practical for small social enterprises, SME's and local councils to use, should be developed and promoted through social enterprise, local authority and business networks. This would aid enterprises to document the value they provide and purchasers of their services to recognise it.

Appendix 1: Supplying Devon Shared Prosperity Programme⁸¹

In 2022 New Prosperity Devon ran a programme called “Supplying Devon, Shared Prosperity” as part of the Devon Social Entrepreneurs Programme. This series of workshops for Voluntary, Community and Social Enterprise organisations and co-ops in rural Devon, and for social entrepreneurs and public sector procurement professionals and commissioners, ran between April and June 2022, and included:

- **Enterprise with Purpose: Supplying the Public Sector** - 2 online, 2 in person in Barnstaple and Okehampton - for social economy enterprises and organisations
- **Purchasing for Prosperity** - for purchasers, local authority and public sector personnel, online
- **Value for Devon: Meet the Social Economy** - for both groups, online.
- **Devon Rural Housing Futures: Community Led Solutions to the Housing Crisis** – online workshop for individuals and organisations.

Appendix 2: Additional information on housing issues in Devon and the South West

<https://www.devonlive.com/news/devon-news/how-many-people-homeless-sleeping-740688>

<https://www.politicshome.com/thehouse/article/homes-under-the-hammer-inside-devons-housing-crisis>

<https://www.devonlive.com/news/devon-news/rentals-vanishing-north-devon-amid-6473032>

⁸¹ Further details at <https://www.newprosperitydevon.org/supplying-devon-shared-prosperity>

<https://www.radioexe.co.uk/news-and-features/local-news/devon-in-grip-of-housing-shortage/>

<https://www.radioexe.co.uk/news-and-features/local-news/labour-councillors-clash-in-airbnb-debate/>

<https://www.bbc.co.uk/news/uk-england-devon-59526332>

<https://www.business-live.co.uk/regional-development/south-west-staff-shortages-fuelled-22339686>